

MONTANA LEGISLATIVE HISTORY

Chapter 699 1979

Bill H _____ S SS Original bill & history C

H. Committee on Education

Hearing Date(s) Apr 03 ✓ C

Apr 12 ✓ C

_____ C

_____ C

Date Out Apr 12 ✓ C

S. Committee on Business & Industry

Hearing Date(s) Jan 26 ✓ C

Feb 01 ✓ C

Feb 08 ✓ C

Feb 10 ✓ C

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Did this bill originate in an interim committee? Yes No

Committee _____

Report _____

1 *Senate* BILL NO. *99*
 2 INTRODUCED BY *Senator Eugene Mann Turner*
 3 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE *Nathan*
 4 *NATHAN MANAHAN MITCHELL* *Scott Bellis* *Robert Sully*
 5 *John Hargnall* *Mann* *Meyer*
 6 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE
 7 DEPARTMENT OF REVENUE TO BUY, IMPORT, AND SELL TABLE WINE;
 8 AMENDING SECTIONS 1, 2, 4, AND 5 OF INITIATIVE NO. 81; AND
 9 SECTIONS 16-1-302, 16-1-303, AND 16-1-304, MCA."
 10 BE ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 11 Section 1. Section 1 of Initiative No. 81 is amended
 12 to read:
 13 "Section 1. There is a new section in Title 4, ~~RCM~~
 14 ~~1947 16, MCA~~, that reads as follows:
 15 The public policy of the state of Montana is to ~~retain~~
 16 ~~a complete monopoly by the state over the acquisition,~~
 17 ~~importation and distribution of wine containing more than~~
 18 ~~14% alcohol by volume but to maintain a system for the~~
 19 ~~importation and sale of wine by the state through state~~
 20 ~~liquor facilities and provide for, regulate, and control the~~
 21 acquisition, importation, and distribution of table wine
 22 containing not more than 14% alcohol by volume ~~in a manner~~
 23 ~~paralleling the regulation and control of importation,~~
 24 ~~acquisition and distribution of beer within this state by~~
 25 ~~licensed wine distributors and the state.~~ When the words

1 "table wine" are used in this act in either the singular or
 2 plural they refer only to wine containing not more than 14%
 3 alcohol by volume."

4 Section 2. Section 2 of Initiative No. 81 is amended
 5 to read:

6 "Section 2. Section 4-1-107, RCM 1947, is amended to
 7 read as follows:

8 "4-1-107. Definitions. As used in this code:

9 "(1) 'Agency agreement' means an agreement between the
 10 department and a person appointed to sell liquor as a
 11 commission merchant, rather than as an employee.

12 "(2) 'Alcohol' means ethyl alcohol, also called
 13 ethanol or the hydrated oxide of ethyl.

14 "(3) 'Alcoholic beverage' means a compound produced
 15 and sold for human consumption as a drink that contains more
 16 than one-half of one percent (0.5%) of alcohol by volume.

17 "(4) 'Beer' means a malt beverage containing not more
 18 than seven percent (7%) of alcohol by weight.

19 "(5) 'Brewer' means a person who produces malt
 20 beverages.

21 "(6) 'Department' means the Montana department of
 22 revenue.

23 "(7) 'Immediate family' means a spouse, dependent
 24 children, or dependent parents.

25 "(8) 'Industrial use' means a use described as

1 industrial use by the Federal Alcohol Administration Act and
2 the federal rules and regulations of 27 CFR.

3 "(9) 'Liquor' means an alcoholic beverage except beer
4 and table wine.

5 "(10) 'Malt beverage' means an alcoholic beverage made
6 by the fermentation of an infusion or decoction, or a
7 combination of both, in potable brewing water, of malted
8 barley with or without hops or their parts, or their
9 products, and with or without other malted cereals and with
10 or without the addition of unmalted or prepared cereals,
11 other carbohydrates or products prepared therefrom, and with
12 or without other wholesome products suitable for human food
13 consumption.

14 "(11) 'Package' means a container or receptacle used
15 for holding an alcoholic beverage.

16 "(12) 'Proof gallon' means a U.S. gallon of liquor at
17 sixty degrees on the Fahrenheit scale that contains fifty
18 percent (50%) of alcohol by volume.

19 "(13) 'Public place' means a place, building, or
20 conveyance to which the public has or may be permitted to
21 have access and any place of public resort.

22 "(14) 'Residence' means a building, part of a building
23 where a person resides, but does not include any part of a
24 building that is not actually and exclusively used as a
25 private residence.

1 "(15) 'Rules and regulations' means rules and
2 regulations published by the department pursuant to this
3 act.

4 "(16) 'State liquor facility' means a facility owned or
5 under control of the department for the purpose of
6 receiving, storing, transporting, or selling alcoholic
7 beverages.

8 "(17) 'State liquor store' means a retail store
9 operated by the department in accordance with this code for
10 the purpose of selling distilled spirits and wines
11 ~~containing more than 24 percent by volume.~~

12 "(18) 'Storage depot' means a building or structure
13 owned or operated by a brewer at any point in the state of
14 Montana, off and away from the premises of a brewery, and
15 which structure is equipped with refrigeration or cooling
16 apparatus for the storage of beer, and from which a brewer
17 may sell or distribute beer as permitted by this code.

18 "(19) 'Warehouse' means a building or structure owned
19 or operated by a licensed wholesaler for the receiving,
20 storage and distribution of beer or table wine as permitted
21 by this code.

22 "(20) 'Wine' means an alcoholic beverage made from the
23 normal alcoholic fermentation of the juice of sound, ripe,
24 fruit or other agricultural products without addition or
25 abstraction, except as may occur in the usual cellar

treatment of clarifying and aging and that contains not less than seven percent (7%) nor more than twenty-four percent (24%) of alcohol by volume. Wine may be ameliorated to correct natural deficiencies, sweetened and fortified in accordance with applicable federal regulations and the customs and practices of the industry. Other alcoholic beverages not defined as above but made in the manner of wine, labeled and sold as wine in accordance with federal regulations are also wine.

"(21) 'Table wine' means wine as defined above which contains not more than 14% alcohol by volume."

Section 3. Section 4 of Initiative No. 81 is amended to read:

"Section 4. There is a new section in Title 4, ~~BCA~~ 16, MCA, that reads as follows:

Wine distributor's license — records. (1) Any person desiring to sell and distribute table wine at wholesale to retailers under the provisions of this code shall apply to the department of revenue for a license to do so and shall tender with his application the annual license fee of \$400 and the department may issue licenses to qualified applicants in accordance with the provisions of this code. All table wine distributors' licenses issued in any year shall expire on the 30th day of June at midnight of such year. No license fee may be imposed upon table wine

distributors by a municipality or any other political subdivision of the state. The license shall be at all times prominently displayed in the place of business of such table wine distributor.

To qualify for a table wine distributor's license the applicant shall be a resident of Montana; provided, however, any individual or partnership which has been licensed as a table wine distributor may, upon incorporation in accordance with the laws of Montana, transfer such license to the corporation if a majority of the capital stock thereof is held by said individual or the members of said partnership; or if applicant is a foreign corporation said corporation shall be authorized to do business in Montana; and said applicant shall have a fixed place of business, sufficient capital, the facilities, storehouse, receiving house or warehouse for the receiving of, storage, handling, and moving of table wine in large and jobbing quantities for distribution and sale in original packages to other licensed table wine distributors or licensed retailers. Each table wine distributor shall be entitled to only one (1) wholesale table wine license, which license shall be issued for his principal place of business in Montana; a duplicate license may be issued for one (1) subwarehouse only in Montana for each table wine distributor's license, which said duplicate license shall at all times be prominently displayed at said

subwarehouse. A table wine distributor may also hold a license to sell beer at wholesale but shall not hold or have any interest, direct or indirect, in any license to sell beer, wine, or liquor at retail.

~~All with the exception of table wine purchased by the department and shipped to its warehouse, all~~ table wine manufactured outside of the state of Montana and shipped into Montana shall be consigned to and shipped to a licensed table wine distributor, and by him unloaded into his warehouse in Montana or subwarehouse in Montana; said distributor shall distribute said table wine from such warehouse or subwarehouse; said distributor shall keep records at his principal place of business of all table wine including the name or kind received, on hand, sold and distributed; said records may at all times be inspected by any member or representative of the department of revenue; any table wine which has been shipped into Montana and has not been shipped to and distributed from a warehouse of a licensed table wine distributor ~~or the department~~ shall be seized by any peace officer or representative of the department and may be confiscated in the manner as provided for the confiscation of intoxicating liquor."

Section 4. Section 5 of Initiative No. 81 is amended to read:

"Section 5. There is a new section in Title 4, MCA

~~1947 16, MCA~~, that reads as follows:

To whom table wine distributor may sell. A table wine distributor may sell and deliver table wine purchased or acquired by him to another table wine distributor, retailer, or common carrier which holds a license issued by the department of revenue, ~~or to the department~~. It shall be unlawful for any table wine distributor to sell, deliver or give away any table wine to be consumed on such distributor's premises or to give, sell, deliver, or distribute any table wine purchased or acquired by him to the public."

Section 5. Section 9 of Initiative No. 81 is amended to read:

"Section 9. There is a new section in Title 4, MCA ~~1947 16, MCA~~, that reads as follows:

Tax on wine. (1) A tax of seventy-five cents (75¢) per gallon is hereby levied and imposed on table wine imported by any table wine distributor, ~~and such tax on the department~~.

(2) ~~The tax on table wine imported by a table wine distributor~~ shall be paid by the table wine distributor by the 15th of the month following receipt of the table wine at the table wine distributor's warehouse.

(3) ~~The tax on table wine imported by the department shall be collected at the time of sale, be retained in a~~

~~separate account, and be deposited with the state treasurer to the credit of the general fund not later than the 10th day of the month following the sale.~~

(4) The tax computed and paid in accordance with this section shall be the only tax imposed by the state or any of its subdivisions, including cities and towns, and it shall be distributed in accordance with applicable statutes and regulations."

~~REV SECTION.~~ Section 6. Retail selling price on table wine sold by the state. The retail selling price at which table wine is sold by the department shall be computed by adding to the cost of table wine the state markup as designated by the department.

Section 7. Section 16-1-302, BCA, is amended to read:
"16-1-302. Functions, powers, and duties of department. The department shall have the following functions, duties, and powers:

(1) to buy, import, have in its possession for sale, and sell liquors ~~and table wine~~ in the manner set forth in this code;

(2) to control the possession, sale, and delivery of liquors in accordance with the provisions of this code;

(3) to determine the municipalities within which state liquor stores shall be established throughout the state and the situation of the stores within every such municipality;

(4) to lease, furnish, and equip any building or land required for the operation of this code;

(5) to buy or lease all plants and equipment it may consider necessary and useful in carrying into effect the objects and purposes of this code;

(6) to employ store managers and also every officer, investigator, clerk, or other employee required for the operation or carrying out of this code and to dismiss the same, fix their salaries or remuneration, assign them their title, define their respective duties and powers, and to engage the service of experts and persons engaged in the practice of a profession, if deemed expedient;

(7) to determine the nature, form, and capacity of all packages to be used for containing liquor kept or sold under this code;

(8) to grant and issue licenses under and in pursuance to this code;

(9) without in any way limiting or being limited by the foregoing, to do all such things as are deemed necessary or advisable by the department for the purpose of carrying into effect the provisions of this code or the rules made thereunder."

Section 8. Section 16-1-303, BCA, is amended to read:

"16-1-303. Department rules. (1) The department may make such rules not inconsistent with this code as to the

department seem necessary for carrying out the provisions of this code and for the efficient administration thereof.

(2) Without thereby limiting the generality of the provisions contained in subsection (1) hereof, it is declared that the power of the department to make rules in the manner set out in that subsection shall extend to and include the following:

(a) regulating the equipment and management of state stores and warehouses in which liquor ~~or table wine~~ is kept or sold and prescribing the books and records to be kept therein;

(b) prescribing the duties of the employees of the liquor division and regulating their conduct while in the discharge of their duties;

(c) governing the purchase of liquor and the furnishing of liquor to state stores established under this code;

(d) determining the classes, varieties, and brands of liquor ~~and table wine~~ to be kept for sale at any state store;

(e) prescribing, subject to this code, the hours during which state liquor stores shall be kept open for the sale of alcoholic beverages;

(f) providing for the issuing and distributing of price lists showing the price to be paid by purchasers for

each class, variety, or brand of liquor ~~and table wine~~ kept for sale under this code;

(g) prescribing an official seal which shall be attached to every package of liquor sold or sealed under this code;

(h) prescribing forms to be used for the purpose of this code or of the rules made thereunder and the terms and conditions in permits and licenses issued and granted under this code;

(i) prescribing the form of records of purchase of liquor ~~and table wine~~ and the reports to be made thereon to the division and providing for inspection of the records so kept;

(j) prescribing the manner of giving and serving notices required by this code or the rules thereunder;

(k) prescribing the fees payable in respect of permits and licenses issued under this code for which no fees are prescribed in this code and prescribing the fees for anything done or permitted to be done under the rules made thereunder;

(l) prescribing, subject to the provisions of this code, the conditions and qualifications necessary for the obtaining of a liquor or beer license and the books and records to be kept and the returns to be made by the licensees and providing for the inspection of such licensed

premises;

(m) specifying and describing the place and the manner in which liquor or beer may be lawfully kept or stored;

(n) specifying and regulating the time and periods when and the manner, methods, and means by which vendors and brewers shall deliver liquor under this code and the time and periods when and the manner, methods, and means by which liquor, under this code, may be lawfully conveyed or carried;

(o) governing the conduct, management, and equipment of any premises licensed to sell liquor or beer under this code;

(p) providing for the imposition and collection of taxes and making rules respecting returns, accounting, and payment of the taxes to the department.

(3) Whenever it is provided in this code that any act, matter, or thing may be done if permitted or authorized by the rules or may be done in accordance with the rules or as provided by the rules, the department, subject to the restrictions set out in subsection (1) hereof, shall have the power to make rules respecting such act, matter, or thing."

Section 9. Section 16-1-304, RCA, is amended to read:

"16-1-304. Prohibited acts within division. (1) No officer or employee of the liquor division, including those

engaged in the sale of liquor ~~or table wine~~ at the various state liquor stores, may be directly or indirectly interested or engaged in any other business or undertaking dealing in liquor ~~or table wine~~, whether as owner, part owner, partner, member of syndicate, shareholder, agent, or employee and whether for his own benefit or in a fiduciary capacity for some other person.

(2) No member or employee of the division or any employee of the state may solicit or receive directly or indirectly any commission, remuneration, or gift whatsoever from any person or corporation having sold, selling, or offering liquor ~~or table wine~~ for sale to the state or division pursuant to this code.

(3) No person selling or offering for sale to or purchasing liquor ~~or table wine~~ from the state liquor division may either directly or indirectly offer to pay any commission, profit, or remuneration or make any gift to any member or employee of the division, to any employee of the state, or to anyone on behalf of such member or employee.

(4) The prohibition contained in subsection (3) of this section does not prohibit the division from receiving samples of liquor ~~or table wine~~ for the purpose of chemical testing, subject to the following limitations:

(a) Each manufacturer, distiller, compounder, rectifier, importer, or ~~wholesale~~ distributor or any other

1 person, firm, or corporation proposing to sell any liquor or
2 ~~table wine~~ to the Montana liquor division shall submit,
3 without cost to the division prior to the original purchase,
4 an analysis of each brand and may submit a representative
5 sample not exceeding 25 fluid ounces of such merchandise to
6 the division.

7 (b) When a brand of liquor or ~~table wine~~ has been
8 accepted for testing by the division, the division shall
9 forward the sample, unopened and in its entirety, to a
10 qualified chemical laboratory for analysis.

11 (c) The division shall maintain written records of all
12 samples received. The records shall show the brand name,
13 amount and from whom received, date received, the laboratory
14 or chemist to whom forwarded, the division's action on the
15 brand, and the person to whom delivered or other final
16 disposition of the sample.

17 (5) No liquor, wine, or other alcoholic beverage may
18 be withdrawn from the regular warehouse inventory or from
19 the State liquor stores of the Montana liquor division for
20 any purpose other than sale at the prevailing state retail
21 prices or for destroying damaged or defective merchandise.
22 The division shall maintain a written record including the
23 type, brand, container size, number of bottles or other
24 units, signatures of witnesses, and method of destruction or
25 other disposition of damaged or defective warehouse or state

1 store merchandise."

-End-

MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

January 26, 1979

The meeting of the Business and Industry Committee was called to order by Chairman Frank Hazelbaker on the above date in the auditorium of the Old Highway Building at 10:00 a.m.

ROLL CALL: All members were present.

SENATE BILL 99: Chairman Hazelbaker stated this bill was introduced by request of the Revenue Oversight Committee. Its principal sponsor is Senator Goodover who presented the bill.

Senator Goodover gave background on the wine bill. When the Senate Oversight Committee decided on how to implement the wine initiative, Senate Bill 99 resulted. Senate Bill 99 is an amendment that allows wine to be sold in the liquor stores, a continuation of what they have now or a dual distribution system. It is a matter of single distribution or dual distribution.

PROPONENTS OF SENATE BILL 99: The first proponent to be heard was Mr. Bob Durkee, representing the Montana Tavern Association. He expressed concern over the fiscal note attached to the bill.

Mr. Don Larson, lobbyist for the Montana Tavern Association expressed concern for the people around the state who wouldn't be able to enjoy good table wine if Senate Bill 99 does not pass.

James Murry, executive secretary of Montana AFL-CIO spoke as a proponent of Senate Bill 99. His testimony is attached. He also left numerous petitions with the Committee. These petitions are on file in the Secretary of the Senate's Office.

Mr. Lonnie Mayer of the Retail Clerks Union, Missoula, spoke as a proponent of Senate Bill 99. His testimony is attached.

Other proponents who gave brief statements in support of Senate Bill 99 were Wilma Christopherson, representing the Montana State Culinary Council, Beverly Reinhart, representing the Retail Clerks Union, Brad Okerlund, representing himself, and Bob Ostermiller, representing the Retail Clerks Union.

Senator J. A. Turnage also spoke in support of Senate Bill 99. He stated that there is no place in Initiative 81 that says the state cannot sell wine. He doesn't believe the people were well informed on the issue when they voted on it. He stated there is no place in the Initiative that states clearly the state cannot sell wine. In many areas of this state there is no way the people could buy a good bottle of table wine if this bill passes. Senator Turnage said the Department of Revenue has a printout that the Committee should possess. The Committee should ask the Department of Revenue about the effect of Initiative 81 and about the effect of Senate Bill 99 if it should pass.

Mr. Ray Wayrynen, representing Montana Tavern Association, spoke in support of Senate Bill 99. He believes there is a need for the dual distribution system. He suggested an amendment that is attached.

Mr. Bill Groff of the Department of Revenue explained the fiscal note to Senate Bill 99 which is attached. He said loss of the wine sales could cost the state between \$460,000 and \$700,000 per year. He said whether the bill passes or not, there will be a direct loss to the counties of about \$417,000 which is presently gone--plus \$200,000 for the Alcoholics Treatment Center unless the bill is amended.

Mr. R. Brad McGinnis, attorney for the Department of Revenue, also spoke in support of Senate Bill 99.

OPPONENTS: The first opponent to Senate Bill 99 to be heard was Mr. Leonard Eckel, representing Montanans Who Like Wine. His testimony is attached.

Mr. Frank Capps, lobbyist for Montana State Food Distributors, stated he felt the people had been well informed and knew what they wanted.

Attorney Ross Cannon, representing Montana Food Distributors, believes we should see if the free enterprise system is capable of satisfying the consumers of Montana. He feels the Committee should adhere to the wishes of the people.

Mr. Jack Divine, representing the Committee for Licensed Wine Distributors, spoke in opposition to the bill. He feels the people knew what they were voting for.

Mr. Roger Tippy, lobbyist for the Committee for Licensed Wine Distributors, believes the Initiative should be left in place. His testimony is attached. He also submitted an amendment which is attached.

Dan Carpita of Beaverhead Bar Supply, Dillon, Montana, also spoke in opposition to Senate Bill 99.

Mr. Kelly Jenkins, representing Montanans Who Like Wine, spoke in opposition to Senate Bill 99. His testimony is attached.

QUESTIONS: Senator Goodover asked Mr. Groff if the Committee could have a copy of the printout from the Department of Revenue that Senator Turnage referred to in his testimony. Mr. Groff said that he would see that the Committee received this material.

Mr. Laury Lewis, attorney for the Department of Revenue, defended the Department of Revenue's position on costs. He feels the Department presented the figures fairly.

Since there were no further questions, the hearing on Senate Bill 99 was concluded.

BUSINESS & INDUSTRY COMMITTEE

Date May 26

[illegible]

BILL TO BE HEARD BY
THE SENATE BUSINESS AND INDUSTRY COMMITTEE

JANUARY 26, 1979

Bill
SB 99

Sponsor
Goodover

By request of the Revenue Oversight Committee. Amends Initiative 81 relating to the sale of table wine and certain other sections to allow the Department of Revenue to continue to import and sell table wine (p. 4, l. 11; p. 7, l. 5-6; p. 9, l. 19). Table wine is defined by Initiative 81 as wine containing "not more than 14% alcohol" (p. 5, l. 10-11). The bill provides for collection and deposit of the tax on table wine imported by the department (p. 8, l. 24--l. 3 on p. 9) and provides for designation of the state markup by the department (p. 9, l. 10-13).

MARK A. THOMPSON
L & C. county residents
as private citizen

written
testimony

Gentlemen,

Thank you for the opportunity to speak on
this proposed bill to keep the state in the
wine business.

I can think of three compelling
reasons why it should not be given
any further consideration for passage

1) Let us recall that historically
the state never ~~the~~ gave as one of its reasons
for seeking alcohol the rationale that
it was attempting bring to the people
a product they could not get. Not
once -- until passage of Initiative 51 --
~~there was no~~ was no curious reason ever offered
~~until the last few months to keep the state in~~

Rather, ~~the~~ I believe the
state has viewed its role as a restrictive
one serving to control in an unpopular
way -- how a product was sold.

Therefore, the argument you will
hear for the sake of "convenience" holds
no water. When the state gets into the
business of retail convenience, we all should

2) One of the few issues of great political consensus in recent years is the concept of eliminating government agencies, commission, panels, bureaus, councils and departments once their purposes have been served.

Moreover, as I submit that Initiative 81 should be ~~as~~ a kind of sunset law requiring

~~the dismemberment of a state~~

The disposition of our agency that no longer serves the best interests of the people. To ignore the message of the electorate who said "we want wine sold conveniently" and then to ask "Well how can we keep the state in the business of selling wine inconveniently?" is absurd!

State liquor stores will not be able to compete with private sector sales; they predictably will fail; their purpose in the wine business has been served; ~~for them~~ to subsidize this business with tax dollars is scandalous —

The sun has indeed set on state wine business.

3) ~~the~~ I believe the initiative process deserves our respect ~~that~~ than this bill has shown it. After the failure of the legislature to enact this popular measure, ~~the~~ the people -- in overwhelming numbers -- passed it themselves.

Passing an initiative is as difficult as winning an election to the state house. Imagine, if you will, that a mechanism existed whereby some body other than the one that right to elect you could determine, with no checks upon it, that you weren't properly elected ~~or~~ that the people didn't know what they were doing when they voted for you. I think the analogy holds. This popularly elected ~~of~~ measure should be allowed to take office.

SENATE BUSINESS & INDUSTRY COMMITTEE

BILL 99

VISITORS' REGISTER

DATE 1/20/77

Please note bill #

(check)

SUPPORT

NAME

REPRESENTING

BILL #

SUPPORT

Bob Zucconi

3rd Dist., Helms

99

Lyle Durham

Durham Dist.

99

Ken Kumb

Pennington's Inc. C.F.

99

Bill [unclear]

Bill [unclear]

99

✓

Joe Jenson

Local 101 East Falls

99

✓

Henry G. Byrnes

99

✓

John [unclear]

Mont. Retail Assn.

99

Paul [unclear]

99

Lee Williams

Delaware

99

Marcel [unclear]

DOR

99

John J. [unclear]

"

99

Long [unclear]

"

u

Devin Fisher

Superior

99

Harold [unclear]

Zip Beverage

99

W. [unclear]

99

Thomas J. Herbert

99

B. J. [unclear]

U.R.

99

Neil E. [unclear]

99

John A. [unclear]

99

William E. [unclear]

Mont. Tavern Assn.

99

Phil [unclear]

M.T.A.

Harry [unclear]

MTA

Wesley [unclear]

MTA

99

Concetta Marie Eckel

MWCW

99

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY

SENATE

COMMITTEE

VISITORS' REGISTER

DATE

1/26/74

Please note bill no.

(check one)

NAME	REPRESENTING	BILL #	SUPPORT	OPPC
2. McIntyre		99		
Robertson		99		
Jeff	Dist of Reed	99		
Thurman	Superior	99	✓	
Drummond	Public Law 435	99	—	
at Stuart	Nelson	99		
Myer	Downs	99		
Kelly Jr.	Mont. Forest Dist. Area	99		
Spach	Office of Commerce			
G. THOMPSON	Conservation			
Wine	Conservation	99		
Lough	self	99		
W. J. J.	"	99		
W. Brown	"	99		
W. J.	Self	99		X
Jayson	"	99		X
No. 1	Mont. Logging 4350	99		
Drummond	Self	99		
DRUMMESHER	SUPER SAVE MKTS	99		
Deaney	Super Save MKTS	99		
Pub. J.	SELF	99		
W. J.	Self			
W. J.	Self			
W. J.	MTA	99	✓	

SUBMITTED BY MONT. TAVERN ASSN

AMEND SECTION 6 LINE 12 PAGE 9 OF 95
BY STRIKING AFTER THE WORD "WINE"
THE BALANCE OF THAT SENTENCE
AND INSERTING TWO WORDS
"ACTUAL FREIGHT AND HANDLING COSTS
PLUS 75¢ A GALLON TAX."

*Exhibit 1000
Lewin & Co
January 26, 1977*

Montanans Who Like Wine P.A.C.

OFFICE BOX 1053 • HELENA, MONTANA 59601 • (406) 443-2185

B. Eckel, Chairman, Concetta Marie Eckel, Treasurer

Good morning. My name is Leonard Eckel and I represent Montanans Who Like Wine, PAC, the organization that qualified Initiative 81 for the ballot and campaigned for its passage. Our concern, as a consumer group, with Senate Bill 99 is that it blatantly alters the initiative as proposed to and passed by the public before it has a chance to be proven, and second that it reintroduces an inefficient state government marketing operation to sell consumer products in competition with private enterprise, the negative fiscal impacts of which could eventually subvert the intent of Initiative 81.

It should be noted at the outset that the very foundation of the "arguments" in favor of Senate Bill 99 is the assumption of public ignorance; that the public was uninformed of the impact and intent of Initiative 81. There can be no basis for Senate Bill 99 without directly insulting the intelligence of the voting public.

We find it easy to reach the opposite conclusion: That the voting public knew precisely what they were voting for and overwhelmingly approved of the initiative. The public was not making its decision in an informational vacuum; the issues were discussed openly and completely in both organized campaigns and media coverage over a period of almost 5 months. During the period before the election, Montanans Who Like Wine campaigned in favor of the Initiative, and the Montana Tavern Owners as well as the Department of Revenue unofficially campaigned to maintain the status quo. The result: on a ballot crammed with local and statewide issues, more people voted on Initiative 81 than any other single race except that for U.S. Senator. More than voted on the pornography issue; more than voted on the Nuclear Siting

Montanans Who Like Wine P.A.C.

POST OFFICE BOX 1053 / HELENA, MONTANA 59601 / (406) 443-2185

Leonard S. Eckel, Chairman, Concetta Marie Eckel, Treasurer.

There is no arguing that returning wine sales to state stores would marginally increase consumer convenience. But it would also be convenient if they sold crackers and cheese. And that raises the larger question: Why does the State Liquor Monopoly exist?

A simple historical review will reveal that the State Liquor operation exists for only two interrelated reasons:

1. After the repeal of Prohibition it was assumed that all alcoholic beverages were dangerous to the public and that their availability must be restricted.

2. If the public must buy those products, the state must profit by it.

IT WAS NOT FOUNDED FOR PUBLIC CONVENIENCE: NOR TO PROVIDE EMPLOYMENT.

With the overwhelming passage of Initiative 81, the public made it very clear in the form of a law that they no longer wanted table wines treated as restricted beverages, they wanted wine marketed as a consumer product, taxed fairly and sold competitively in private, licensed outlets. This refutes the basic premise on which the state liquor operation was founded -- limited access, not public convenience.

The profit motive is not strong enough reason to reintroduce the state in the table wine business. It costs between \$1 and \$1.6 million to maintain the state wine operation annually when all costs are accounted for. And over 100 state employees in excess of those required for efficient sales of liquor alone, according to the fiscal analyst's assessment.

Wine currently represents 32% of the physical units sold by the state-- and bottle for bottle requires the same freight, handling, storage space, etc.

Montanans Who Like Wine P.A.C.

P.O. BOX 10533 / HELENA, MONTANA 59501 / (406) 443-2185

Kel, Chairman, Concetta Marie Eckel, Treasurer.

is a bottle of hard liquor. Yet wine generates only 19% of the retail sales of the liquor division. Clearly the profit motive would be better served by reducing expenses and concentration on liquor or increasing the varieties of liquor sold than getting back into the wine business.

In comparing the wine sales of the state's most efficient liquor store with a private chain grocery store, we find that the private store requires less labor per sales dollar and makes more profit per square foot than the state store. Not very good incentive to compete with the private sector for wine sales. And remember too, that Initiative 81 not only allowed the 600 grocery and drug stores to sell table wine. For the first time ever, it allows Taverns and Restaurants to buy wholesale and sell retail -- that brings the total number of retail outlets to 2,000.

IS IT ANY WONDER THE PUBLIC VOTED OVER 60% IN FAVOR OF ELIMINATING THE STATE MONOPOLY TO SWITCH TO PRIVATE SALES?

And don't be misled by the Revenue Department figures either, the public wasn't. From June until November we heard about a reputed \$3.4 million dollar revenue loss. Revenue based on no increase in wine sales. REVENUE - NOT PROFIT. Figures that did not include deductions for labor costs, warehousing, capital costs, inventory or depreciation. Figures that did not reflect new license fees, or the benefits of improved property taxes, construction etc. as private enterprises build a new business to strengthen the state's economy.

Montanans Who Like Wine P.A.C.

POST OFFICE BOX 1053 • HELENA, MONTANA 59601 / (406) 443-2185

Leonard B. Eckel, Chairman, Concetta Marie Eckel, Treasurer.

We have heard testimony which creates some obvious concern for the welfare of some state employees whose jobs will be shifted to the private sector. But consider this:

1. The State Liquor Division was not intended to be a public works program or a competitor to private enterprise, and
2. Increased volume of wine sales and business should generate the jobs in the private sector. If it doesn't, it only points out the inefficiencies of the State Operation. And I think it is a clear indication the State Operation can be trimmed when state employees can have the time to circulate petitions for the passage of this bill on state time, in state stores as I have had reports of this in Butte, Anaconda, Great Falls and Billings.

Montanans Who Like Wine P.A.C.

PO BOX 1053 - HELENA, MONTANA 59601 / (406) 443-2135

Eckel, Chairman, Concetta Marie Eckel, Treasurer.

If Senate Bill 99 is allowed to be in effect, your constituents will understand two things immediately. 1) That an initiative was passed by the public, after years of reluctance by the legislature, and it was amended before it even became effective; and 2) that the state bureaucracy has managed to keep the government in what should be a private enterprise, against a clear public mandate.

To emphasize that it was an informed public vote, let me provide you with a small sampling of some of the clippings which we ran across during the campaign. You will note the issues are clearly defined as early as June 6, 1978: ELIMINATE THE STATE WHOLESALE AND RETAIL SALES OF TABLE WINE. In addition, there is a copy of our position paper for Montanans Who Like Wine sent to every newspaper in the state, and to over 1,000 private citizens who requested more information on the Initiative. And finally, the Tabloid we placed in every daily newspaper in the state -- a total circulation of 215,000 reaching virtually every family in the state -- which states at least 6 times in its text that the current state system would be replaced with a competitive, private enterprise system, plus discusses the economic issue in depth as well. A total of over \$100,000.00 was spent during this campaign both pro and con to inform the public of its effects. The result was unanimous -- over 60% voted for Initiative 81 -- A law which would be immediately subverted if Senate Bill 99 is allowed to pass.

The heart of the Initiative process is at stake here, I urge you to kill this bill, if only to maintain the faith of the public in citizen participation in government. Thank you for your time.

Opinion & comment



DUNCAN R. CAMPBELL, JR.
Publisher

BERT GASKILL
Editor

JEFFREY B. GIBSON
Editorial Page Editor

GUY L. PALMER
Sales-Marketing Manager

DONALD W. BERRYMAN
Operations Manager

Official newspaper of Butte-Silver Bow
Founded in 1879

Private firms would handle wine

Last week, in discussing Initiative 81, which would legalize table wine sales in grocery stores, we mentioned that, under the initiative, the state would continue to control all wine at the pre-distribution level.

We were mistaken. Actually, the initiative calls for licensing private wine distributors, who shall be responsible for storing the wine and wholesaling it to retailers. It's likely that many current beer wholesalers will become wine distributors as well, if the initiative passes.

The state would retain its monopoly only over wines containing more than 14 percent alcohol. Those containing 14 percent or less alcohol are the "table wines" affected by the initiative.

According to Leonard B. Eckel, head of Montanans Who Like Wine, the group sponsoring the initiative, there was some discussion at a recent meeting of a legislative committee about whether the state should continue to control wine at the pre-distribution level, regardless of what the initiative calls for. The legislature could change the initiative after it passes, just as it can change any other law. Whether it should is something else. Eckel, for one,

doesn't think the lawmakers should be tampering with a citizen initiative before it even takes effect. (If it passes, Initiative 81 would become effective next July 1.)

Eckel's group has predicted that passage of the initiative will lead to expansion of private warehouse and store facilities, and the hiring of more workers by firms involved in the wine business. If the group is correct in another of its predictions — that wine sales will soon increase 400-800 percent under the initiative — greater employment might well result from the measure.

The editorial last week also mentioned that the Port of Butte be considered as a pre-distribution warehouse for some of the increased amounts of wine that would be entering Montana. Eckel said nothing in the initiative would preclude that, but because the initiative's backers don't envision wineries selling to exclusive dealers, the economics might not justify it.

However, it's something the Port of Butte's directors might want to keep in mind. If wine volume increases as much as the initiative supporters are predicting, it might eventually be practical for the port to get involved.

Nov. 14, 1968

The Billings Gazette

Opinion

The legislators don't message in wine vote

gall of some legisla-
ding.

r do the voters over-
pass an initiative to
grocery stores than
ure's interim Reve-
it Committee wants

posed action of im-
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arges all dealers now.
posed license fee for
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won't bother the big
it will stifle the com-
selection that could
small wineries with
cts.

s a proposed legisla-
allowing state mo-

nopoly stores to continue selling
table wines, that is more token
than competition and could be
meaningless once the full forces
of free competition in table wine
sales get going.

Instead of tinkering with a
perfectly good law passed so
overwhelmingly by the voters,
the legislators should take a cue
from the people.

The voters pointed the way to
the legislators by their vote for
competition in the table wine
business through the free enter-
prise system.

What the interim oversight
committee should be doing is
studying ways to get the state out
of the liquor business, both
wholesale and retail. Then the
state could carry out its proper
role of law enforcement and tax
collecting, unhindered by a list-
less wholesale-retail business
staffed by political cronies.

oice of the reader

he campaign

Majority lost

A ma

All night long the television screen kept g-
ing us the score, and the screen kept getting
wrong. A score that is kept simply in terms of
Democrats and Republicans is grossly mislead-
ing. Tuesday's elections, on balance, added up
a narrow victory for political conservatism. De-
pending on your point of view, that's the best or
the worst that can be said.

I happened to end the campaign trail in De-
troit. Conflicting political winds were blowing
everywhere.

Michigan voters went liberal: They dumped
Republican Senator Robert Griffin; they ap-
proved collective bargaining for state police; they
rejected drastic proposals for tax cuts and school
vouchers; and in Detroit they cheerfully voted
bond issues for firehouses, urban renewal and
improvements at the zoo.

Michigan voters went conservative: They
stuck with their moderate Republican governor;
they prohibited parole for certain crimes of vio-
lence; they raised the minimum age for drinkin-
from 18 to 21; they voted to permit denial of ba-
in major crimes; and they voted for a "Proposi-
tion E" that soberly echoes the Tennessee plan
for restraining state expenditures.

THE SAME INDECISIVE WINDS were
blowing across the nation. In Virginia, New
york and Florida, conservatives successfully
sisted new efforts to legalize gambling. California
enlarged the number of crimes carrying a death
penalty — a conservative view. Colorado said no
to tax limitation — a liberal view. Out in
Nevada, Hawaii, Illinois, Texas and Idaho the
the conservative idea of putting reins upon taxin-
and spending, and Florida turned down a liberal
state move toward equal rights for women.



OPINIONS & IMPRESSIONS

Wine in grocery stores is not a bad idea

Initiative 81 would amend the Montana liquor law to allow the private sale of table wine and make wine available in more locations. Distributors of table wine (wine with an alcoholic content of 14 percent or less) would be licensed by the Department of Revenue. All licensed retailers would be allowed to purchase table wine from any licensed distributor, similar to the present system of beer distribution. Grocery stores and drug stores would be allowed to obtain retail licenses for the sale of table wine.

That's the attorney general's explanatory statement of Initiative 81, an initiative we favor.

Before discussing the initiative two points should be made.

1. Leonard B. Eckel is chairman of Montanans Who Like Wine. This is the political action committee that is supporting Initiative 81. Eckel also owns Len Visual Design.

Len Visual Design is doing the graphic work for the ads that promote Initiative 81. The ads are placed by Montana West, an advertising agency that is not owned by Eckel. Eckel said he is paid for his time and that Montanans Who Like Wine has a steering committee which approves all expenditures by the

In 1977 Eckel organized a consumer group and pushed for passage of a bill that would have allowed wine in grocery stores. When the bill was defeated in the Legislature, Eckel told us he planned to organize a drive to get the issue on the 1978 ballot.

2. Another political action committee, Responsible, Sensible, Voting Parents (RSVP) has been organized to oppose the wine initiative. From all appearances RSVP is a Montana Tavern Association political action committee.

In all fairness it is very important to point out that when the wine bill was being considered by the 1977 Legislature a rather strange coalition of labor, the tavern organization—and church groups—opposed it. It would be patently unfair to say that RSVP consists only of tavern people. If you read the

information on Initiative 81 in the voter information booklet you will see that the people arguing against the initiative represent ministers, David L. Hayden; the tavern association, Don W. Larson; and labor, Robert G. Kokoruda.

The tavern association has every right to attempt to protect its own turf, it just so happens that we happen to disagree with it on the issue of what might be called "decontrol" of wine.

We agree with Eckel's contention that grocery stores and pharmacies tailor their services to consumers and offer more convenient hours, more convenient locations, the acceptance of checks and reactions that reflect consumer demands. And we believe that permitting the sale of wine in grocery stores will provide a much greater selection of quality wines and increase consumption.

The elderly are among those who enjoy wine and there is little doubt that they would purchase more if it was convenient and cost less than it does now.

There are many people who don't like to go to the liquor store and make sure they have the cash in hand to make their purchases.

Arguments abound as to how much money the state will lose if it is forced out of the wine business and that is something the Legislature will have to thoroughly examine if the initiative passes. But we don't think the fiscal situation will be as bad as the opponents would have us think.

The State of Idaho showed an increase in wine sales of more than 400 percent which was maintained after the initial surge of buying to fill the distribution system.

According to The Wine Institute not one state that has converted to private sector distribution of wine in the last 10 years has lost money.

The proponents and opponents of Initiative 81 have raised their own valid points.

It is our opinion that the proponents have built the stronger case and that Initiative 81 deserves to pass.

against wine initiative

Tribune Capitol Bureau

HELENA — The historic enemy of wine in grocery stores legislation, the Montana Tavern Association, is fielding a political action committee to fight Initiative 81 known as the Responsible, Sensible Voting Parents (RSVP).

Initiative 81 will allow voters to decide whether to allow wine in grocery stores, legislation which has failed in past legislatures chiefly due to the opposition of the tavern owners.

Officers of the Responsible, Sensible Voting Parents are: Rich Miller of Helena's Buckhorn Bar, Billie McManus of Boulder's Windsor Bar and Marie Durkee, executive secretary of the Montana Tavern Association.

Don Larson, chairman of the tavern association, said the political action committee was called Responsible, Sensible Voting Parents, "because we are."

He said that among the reasons the group opposes the initiative are:

- Passage would require a reporting system which would cause an increase in the state's bureaucracy;

- The state would lose \$3.5 million in revenue by lost markups and taxes because the state liquor monopoly would lose control of wine;

- Availability of wine would increase to youth as well as adults ad-

ding to loss of control over wine;

- Many state liquor stores would have to close resulting in loss of jobs.

Larson said his group also supports a constitutional amendment which would raise the legal drinking age to 19 years of age.

'deceptively inaccurate'

HELENA (AP) — Officials of the Montana Department of Revenue are deceptively inaccurate in computing the economic impact of Initiative 81, says a spokesman for the consumer group supporting the table wine initiative.

"By intentionally ignoring certain current expense items and by also ignoring certain new income areas, the state is presenting a distorted view of the financial impact of this initiative," said Len Eckel of Helena.

In a prepared statement Monday, the president of Montanans Who Like Wine PAC said there is no question the real winners will be Montana consumers and taxpayers if the initiative is passed.

"The state consistently omits from its figuring the savings that would occur to the state from the private handling of wine," he said. "Savings would be seen in warehousing, capital equipment, depreciation and inventory. Yet the state chooses to ignore these savings. We can only imagine the reason is self-serving."

Eckel also charged that state government has not recognized income from new sources that would be

opened under Initiative 81. "Substantial new state income will be seen from license fees, income taxes from new private employees in grocery stores, pharmacies, distributors and construction companies and new property taxes which will be generated on new construction, equipment and capital investment."

Eckel said the truth is there is every likelihood the state will never lose a dime from enactment of the measure and "may well in fact profit through new revenue and the increased efficiency of a private competitive system."

But Initiative 81 backers claim state won't lose money

Wine drinkers may need bigger capacity

By THOMAS KOTYNSKI
Tribune Capitol Bureau

HELENA — A Department of Revenue analysis says that wine consumption in Montana will have to increase 573 percent to maintain current state revenues if an initiative to make table wines available in grocery stores passes.

Backers of Initiative 81, a group known as Montanans Who Like Wine, have claimed that state tax revenues should remain about the same or increase, expecting that Montana wine sales increase 400 percent if the initiative passes.

Assuming the 400 percent increase in consumption, the analysis says, the state would still lose \$1 million in revenue.

If wine sales remain the same as they have in the immediate past year, the analysis said, the state would lose \$3.4 million. If sales doubled, the loss would be \$2.8 million, the analysis said.

The state reaps its revenues for the sale of wines on a complicated formula which takes into account shipping and an administrative markup

figure which varies from 40 to 82 percent of that formula and then 26 percent on top of that in the form of an excise tax.

Initiative 81 would eliminate such a markup and tax and replace it with a simple 75 cents a gallon tax.

The analysis says that if sales remained the same as last year the per gallon tax to make up for the lost revenue would have to be \$5.00 per gallon, instead.

In the past year 781,940 gallons of table and sparkling wines were sold in Montana generating \$1.6 million in taxes and \$2.3 million in markup for Montana.

A spokesman for Montanans Who Like Wine said that the department's analysis ignores other considerable revenues which would come into play if the initiative is passed by voters in November.

For one thing, he said, the initiative will switch sales of table wines from the state liquor monopoly to private distributors, and as a result jobs will be created, which result in more state income tax revenues for the state (he estimated that at a half a job per the 600 grocery stores in the state will result in 300 new jobs); there will be more property tax revenues as stores and distributors

gear up to handle the wine, because distributors will build, stores will make room for the addition and a distribution network will have to be put into place and will buy equipment to haul the wine.

"The potential for tax loss is balanced by tax revenues from other sources which will be increased by the initiative," he said.

The spokesman said that in states which have decontrolled wine have never lost money.

He cited the state of Maine which decontrolled in 1971 and since then has topped the 1970 wine sales level by between 441 percent and 718 percent.

In Idaho, which decontrolled in 1972, the sustained increase over 1970 sales ranged from 430 to 418 percent and as high as 518 percent.

"It is not unrealistic to show that the popularity of wine increases with decontrol on a percentage basis high enough to compensate for tax losses," the spokesman said.

If 75 cents per gallon is not feasible to cover the lost revenue, the 1979 Legislature can change the amount of tax, the spokesman said.

Backers of the initiative say that its passage will result in a better selection of wines which are more avail-

able and less expensive than under the current state monopoly.

A proposal to decontrol wines failed during the 1977 Legislature as a result of a strange coalition of the teetotaling churches and tavern owners. The churches didn't want to see wine become more available. The tavern owners were out to protect their interests: to have people purchase the wine from them instead of in grocery stores.

The so called Table Wine Bill would allow sales of wine of 14 percent or less alcoholic content in groceries and licensed pharmacies for off premise consumption.

Bridge bill \$25 billion

WASHINGTON (AP) — It would cost an estimated \$25 billion in 1978 dollars to repair or replace deficient bridges across the country, the National Association of Counties said Monday. The federal government has estimated that \$12.5 billion is necessary for replacement of some 33,000 bridges on roads and highways that receive federal aid.

The
OFFICE MART

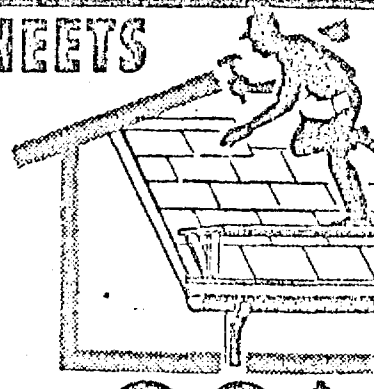
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(Press Plates)

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Great Falls Tribune
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- SIDING
- INSULATION

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Opinion

6/13/78

Let's liberate wine

ns are now being circu-
Montana to place an ini-
the ballot authorizing
ne in grocery and drug

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liquor stores.

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collect its tax and supervise en-
forcement.

The initiative is directly in-
volved with table wines, those
under 14 per cent alcoholic con-
tent, and does not propose that
groceries and drug stores handle
the wino's favorite, the fortified
wines.

We do regret that the initia-
tive process is necessary to give
Montanans the same rights of
purchase and selections as is
available in many other stores,
including those with the monop-
oly system. The initiative is nec-
essary because the Legislature
has listened more to the bar own-
ers than it has to the consumer.

If truth be known, it is not
unlikely that the bar owners have
no real objection to the sale of
table wine in grocery stores.
Table wine isn't their thing un-
less they operate a bona fide
package store along with the bar.
There a few and they too will get
the benefit of a more diversified
and competitive wine sale sys-
tem.

We can see no valid reasons,
other than those always raised by
the temperance sector, why Mon-
tanans should not be able to buy
table wines in grocery stores as
well as current sources.

If you like table wine and be-

GREAT FALLS TRIBUNE

6/9/78

P8

Wine in groceries may be on ballot

In addition to produce prices, the initiative effort to allow the sale of wine in Montana groceries is a topic in local food stores this week.

Members of the group called Montanans Who Like Wine, which is sponsoring the movement, are seeking signatures of qualified voters in many area food stores. The initiative needs 15,834 signatures statewide before July 24 to get on the Nov. 7 ballot.

Len Eckel, Helena businessman, wine lover and spokesman for the group, said, "The purpose of the initiative is to express popular grassroots support for this measure which the legislature has been politically unable to enact previously. Our ballot issue is very similar to bills which have been introduced in the legislature in the past."

According to Eckel, the so-called Table Wine Bill which the initiative supports would allow the sale of wines of 14 percent or less alcoholic content in groceries and licensed pharmacies for off-premise consumption.

By establishing a distribution system similar to that of beer, the bill would eliminate the state of Montana

from the retail and wholesale function of table wine distribution and assure distribution to all parts of the state, Eckel added. He said the bill also would have the impact of lowering the prices of wines to levels similar to Washington and Idaho where private enterprise has replaced the state-controlled system. For the first time, he said, licensed taverns and restaurants would be able to buy wine at wholesale prices.

"Although the Table Wine Bill provides for lower wine taxes per bottle, state tax revenues should remain about the same or even increase, based upon the experiences of Idaho, Washington and other states where the increased volume of decontrolled wine sales offset the lower taxes," Eckel said.

"We believe Montana consumers should have the right to purchase table wines under the same conditions as they are allowed to purchase beer. Additionally we believe it is an injustice that Montanans are now paying up to 40 percent more than residents of nearby states for the same bottle of wine."

al Wine Drinkers Given ance to Support Initiative

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Who Like Wine will
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Len Eckel, a Helena
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which the Legislature

has been politically unable to
enact previously."

He said the initiative is very
similar to bills that have been
introduced in the state Legisla-
ture in the past — bills that
have been defeated, Eckel said,
because of a strong tavern-own-
er lobby.

"We believe Montana con-
sumers should have the right to
purchase table wines under the
same conditions as they are al-
lowed to purchase beer," Eckel
added. "Additionally, we be-
lieve it is an injustice that Mon-
tanans are now paying up to 40
percent more than residents of
nearby states for the same bot-
tle of wine."

According to Eckel, Montan-

ans Who Like Wine claims a
membership of more than 300
persons throughout the state
and was incorporated as a non-
profit group in the fall of 1977.
He said the group, based in Hel-
ena, is made up of individuals
rather than members of special-
interest groups, but he said it
has received "good coopera-
tion" from grocery-store own-
ers.

The group began its initiative
drive early this month, and
Eckel said they have collected
about 10,000 signatures from
voters in Helena, Great Falls
and Billings.

Eckel said the initiative
would enact a Table Wine Bill
that would:

- Allow the sale of wine in
grocery stores and drug stores
licensed as pharmacies for off-
premise consumption;
- Limit the sale of wine in
grocery and drug stores to
wines of 14 percent or less alco-
holic content;
- Eliminate the state of Mon-
tana from the retail and whole-
sale function of table wine dis-
tribution;
- Establish a distribution sys-
tem similar to that of beer to
assure distribution to all parts
of the state;
- Have the impact of lower-
ing the price of wines to levels
similar to Washington and Ida-
ho (states that have changed re-
cently from a state-controlled to
a private enterprise sales sys-
tem);
- Allow licensed taverns and
restaurants to buy wine at
wholesale prices.

Eckel said that, as in Wash-
ington and Idaho, increased vol-
ume of private wine sales could
offset the lower taxes per bottle
provided for in the bill, thus
keeping state revenues from
wine sales at either the same
level or higher.

Montanans Who Like Wine P.A.C.

1001 N. 1ST ST. SPOKANE, MONTANA 59201 (208) 325-1133
L. J. B. B. B. Chairman, Conductor Maria Eckel, Treasurer

I. GENERAL INFORMATION

A. The Initiative

1. Scope

Initiative 81 will 1) eliminate the state from the wholesaling and retailing of wine, replacing it with a private enterprise distribution system (as with beer); 2) such distribution system will be limited to still and sparkling wines containing 14% or less alcoholic content; and 3) private retail outlets allowed to sell wine would be Department of Revenue licensed grocery stores, pharmacies, taverns and restaurants.¹

2. Description

Attorney General's explanatory statement of Initiative 81, as it will appear on the November ballot:

This initiative would amend the Montana liquor law to allow the private sale of table wine and make wine available in more locations. Distributors of table wine would be licensed by the Department of Revenue. All licensed retailers would be allowed to purchase table wine from any licensed distributor, similar to the present system of beer distribution. Grocery stores and drug stores would be allowed to obtain retail licenses for the sale of table wine.

B. Montanans Who Like Wine, P.A.C.

Montanans Who Like Wine is a group of consumers and interested parties who sponsored the movement leading to a successful petition drive to place Initiative 81 on the ballot. MWLW is currently organizing and administering a follow-up campaign to inform the voters of the merits of the Initiative.

C. Background

At present 35 states allow sales by grocery stores and only five other states restrict wine sales to state liquor stores alone.²

¹A copy of the Initiative proposed language is available on request from Montanans Who Like Wine, P.A.C.

²The rest of the states have retail schemes involving private liquor stores, drug stores, etc. A Wine Institute compilation (released April 28, 1976), p.1

CONVENIENCE

Grocery Stores and pharmacies tailor their services to consumers; doing longer hours, more convenient locations, the acceptance of new products and product selections reflecting their customers' demands. At present, there are 147 state-operated retail liquor stores,³ the only outlets which sell wine at straight retail prices. To buy wine at any of the 1,478 private outlets (such as bars or taverns),⁴ one has to pay an average mark-up of 40% over state retail prices.⁵ As noted below, whether retail or retail plus mark-up, wine prices in Montana are excessive. Initiative 81 offers the consumer a better system, providing over 2,000 potential private outlets, all buying at wholesale and able to reflect their savings in their retail price.

LOWER PRICES

"Montana ... wine prices are among the highest in the country."⁶ Wine prices in Montana's state liquor stores are higher than the average price in 35 other states; wine prices at Montana's private retail outlets exceed those of any state.⁷ The high price Montanans pay for wine will be lowered by replacing the state table wine monopoly with a more efficient and competitive free enterprise retailing and wholesaling structure and by incorporating a new, reasonable gallonage tax on table wine.

"Fiscal Impacts of Altering Montana's Liquor Distribution System"
State of Montana Office of the Legislative Fiscal Analyst (July 26, 1976),
pp. 5-6.

bid.

bid, p. 21.

bid, p. 5.

bid, p. 18, 20.

IV. NEW JOBS

While there is no reason to believe that an excessive number of state liquor employees will lose their jobs (the stores will still sell liquors and wines other than table wines), past experience has shown that states adopting similar proposals have experienced "a substantial increase of employment by local distributors and increased additional warehouse and wine storage construction."⁸

V. GREATER SELECTION

Business principles and historical evidence both confirm the expectation of a greater variety of wines. For example, evidence shows that since Idaho, in 1971, and Washington, in 1969, switched from state to free enterprise systems, table wine selections available increased from 50 to 850 in Idaho and from 900 to over 2,000 varieties in Washington.⁹ Local outlets can tailor their supply to meet localized needs.

VI. REVENUE

Since under the present system the state charges an average of over five dollars a gallon in tax and mark-up, the State Revenue Department estimates that a 578% increase in consumption of table wines would be necessary to raise an equivalent amount at the Initiative 81 excise tax level of \$.75/gallon,¹⁰ (the highest such tax in the Pacific Northwest). It should be pointed out initially that this percentage reflects some faulty assumptions (e.g., not deducting the present cost of state distribution, which will be taken over by the private sector, and failing to consider new tax and licensing revenues generated by the Initiative).

⁸The Wine Institute, citing the Idaho experience, (April 28, 1976), p. 2.

⁹Washington State Liquor Control Board 44th Report, 1977
p. 27

¹⁰Montana Department of Revenue Memorandum to Laury M. Lewis (Acting Director), (September 19, 1978), p. 1

¹¹Ibid, pp. 2-3

In any event, a substantial increase in volume of sales can be anticipated. Maine and Idaho showed increases of well over 400% which were maintained even after the initial surge of buying to fill the distribution pipelines.¹² Other states, in similar circumstances, invariably showed a substantial increase in wine sales.¹³

Such factors as relative inaccessability of the product, few marketing efforts and limited product selection all impede the sale of the product. Since most states (44) permit wine sales in the retail open market (35 states allow sales in grocery stores, others have private liquor stores, etc.), the relative product inaccessability in Montana would seem to be a deciding¹⁴ factor in explaining the relatively low per capita wine sales.

With such increased sales, the conversion to an open retail system distributing wine should yield very nearly as much to the state with reasonable excise tax as the state made with monopolistic mark-ups and taxes.

In addition, substantial revenues can be expected to result from license fees, increased income taxes, and improved property tax values from new construction and equipment--all of which will be paid by the private enterprise distributors and retailers of wine.

II. ALCOHOLISM

A 1976 study by the Office of the Legislative Fiscal Analyst for Montana found a weak correlation between adult per capita sales of alcohol and the reported rate of alcoholism, indicating that wine consumption can increase without quantifiable adverse effects.¹⁵ More importantly,

²The Wine Institute, Supra, pp. 3-4.

³See also "Fiscal Impacts...", Supra, pp. 10-11 for case sale trends and increase in gallons of wine sold per capita.

⁴"Fiscal Impacts...", Supra, p. 14

⁵Ibid, pp. 55-57

in The Second Annual Report to the United States Congress on Alcohol and Health, wine drinkers are specifically mentioned in a profile analysis of persons most likely not to have alcohol-related problems.¹⁶ Several studies, including one by the National Institute on Alcohol Abuse and Alcoholism,¹⁷ show that wine is rarely used by those arrested for driving while intoxicated and that there is no significant relationship between wine consumption and traffic fatalities.

VIII. GENERAL MORAL QUESTIONS

Wine was a common beverage of the ancient Hebrews, Greeks, Romans and other nationalities. It was kept in every household and offered on occasions of hospitality and festivity. Numerous Old Testament references to wine indicate the early origin and significance of the wine industry in the Middle East. Although wine's misuse is strongly condemned in the scriptures, the New Testament gives a precept for St. Timothy's health: "Drink no longer water but use a little wine for thy stomach's sake and thine often infirmities." (I Timothy 5:23) The role of wine in the Christian mass helped maintain the wine industry through the dark ages, and monastic orders originally developed many of the highly regarded wine producing areas in Germany, France, and Austria.¹⁸

Wine is also currently used primarily as an adjunct to meals. Popular economist Sylvia Porter indicates that "Wine is not competing primarily against distilled spirits and malt beverages, but against other forms of beverages used familiarly with meals."¹⁹ A study done at the University of California (Berkley), confirmed the nutritional

¹⁶ Secretary of Health, Education & Welfare, June, 1974

¹⁷ "Evaluation of Alcoholism Treatment Programs for Drinking Drivers," NIAA, published in the proceedings of the 55th Annual Meeting of the Transportation Research Board, Washington, D.C. (1976).

¹⁸ General sources used: Encyclopedia Britanica, Vol. 19, p. 876; Biblical concordance.

¹⁹ Great Falls Tribune, September 3, 1978

importance of wine including increasing the body's ability to utilize essential minerals.²⁰ In addition, wine contains several vitamins and minerals (including large amounts of iron and vitamin B supplements) and many hospitals are including wine in the regular hospital dietetics to boost appetites, add zest to an institutional diet and boost patient morale.²¹ One need not be a connoisseur nor even a drinker of wine to benefit from its availability since it can be used often in cooking wherein it loses its alcoholic content and imparts only aroma and flavor to the food). It should be noted that cooking wines presently available in grocery stores contain highly concentrated additives, such as salt, to make the wine unpalatable to the potential drinker, having a commensurate result on the food when used for cooking.

IX. FREE ENTERPRISE

Initiative 81 is unique, in that the consumers benefit but so do all the businesses involved. The advantages to be gained by the distributor/wholesalers and the grocer/retailers are evident, but in the past, opposition has been mounted by tavern-owner/retailers concerned with protecting their position as the only private retailer of wine. The lack of such organized opposition to Initiative 81 may demonstrate that the tavern-owners recognize the advantages to be gained by them also under the Initiative 81 proposal; for the first time, the taverns and bars in Montana would be allowed to buy at wholesale from the distributor rather than at retail from the state (leading to the potential for higher profit and/or higher volume of sales).

²⁰McDonald, Janet Tribe: "The Influence of Wine vs. Ethanol on Nitrogen and Mineral Balance in Adult Human Males, Berkley, University of California, 271 pp (1974) PhD Thesis.

²¹The Story of Wine and Its Uses, The Wine Institute (1975), p. 6.

*Editorial 8-1379
Gedney 36, 979
Lucas & W. 1000*

4—The Montana Standard, Butte, Tuesday, Oct. 10, 1978

Opinion & comment



DUNCAN R. CAMPBELL, JR.
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Editor

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Sales-Marketing Manager

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Official newspaper of Butte-Silver Bow
Founded in 1875

Private firms would handle wine

Last week, in discussing Initiative 81, which would legalize table wine sales in grocery stores, we mentioned that, under the initiative, the state would continue to control all wine at the pre-distribution level.

We were mistaken. Actually, the initiative calls for licensing private wine distributors, who shall be responsible for storing the wine and wholesaling it to retailers. It's likely that many current beer wholesalers will become wine distributors as well, if the initiative passes.

The state would retain its monopoly only over wines containing more than 14 percent alcohol. Those containing 14 percent or less alcohol are the "table wines" affected by the initiative.

According to Leonard B. Eckel, head of Montanans Who Like Wine, the group sponsoring the initiative, there was some discussion at a recent meeting of a legislative committee about whether the state should continue to control wine at the pre-distribution level, regardless of what the initiative calls for. The legislature could change the initiative after it passes, just as it can change any other law. Whether it should is something else. Eckel, for one,

doesn't think the lawmakers should be tampering with a citizen initiative before it even takes effect. (If it passes, Initiative 81 would become effective next July 1.)

Eckel's group has predicted that passage of the initiative will lead to expansion of private warehouse and store facilities, and the hiring of more workers by firms involved in the wine business. If the group is correct in another of its predictions — that wine sales will soon increase 400-800 percent under the initiative — greater employment might well result from the measure.

The editorial last week also mentioned that the Port of Butte be considered as a pre-distribution warehouse for some of the increased amounts of wine that would be entering Montana. Eckel said nothing in the initiative would preclude that, but because the initiative's backers don't envision wineries selling to exclusive dealers, the economics might not justify it.

However, it's something the Port of Butte's directors might want to keep in mind. If wine volume increases as much as the initiative supporters are predicting, it might eventually be practical for the port to get involved.

Nov. 14, 1968

The Billings Gazette

Opinion

Are legislators don't message in wine vote

e gall of some legisla-
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2. Don't confuse this
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it it will stifle the com-
nd selection that could
n small wineries with
lucts.

r as a proposed legisla-
ge allowing state mo-

nopoly stores to continue selling
table wines, that is more token
than competition and could be
meaningless once the full forces
of free competition in table wine
sales get going.

Instead of tinkering with a
perfectly good law passed so
overwhelmingly by the voters,
the legislators should take a cue
from the people.

The voters pointed the way to
the legislators by their vote for
competition in the table wine
business through the free enter-
prise system.

What the interim oversight
committee should be doing is
studying ways to get the state out
of the liquor business, both
wholesale and retail. Then the
state could carry out its proper
role of law enforcement and tax
collecting, unhindered by a list-
less wholesale-retail business
staffed by political cronies.

A ma

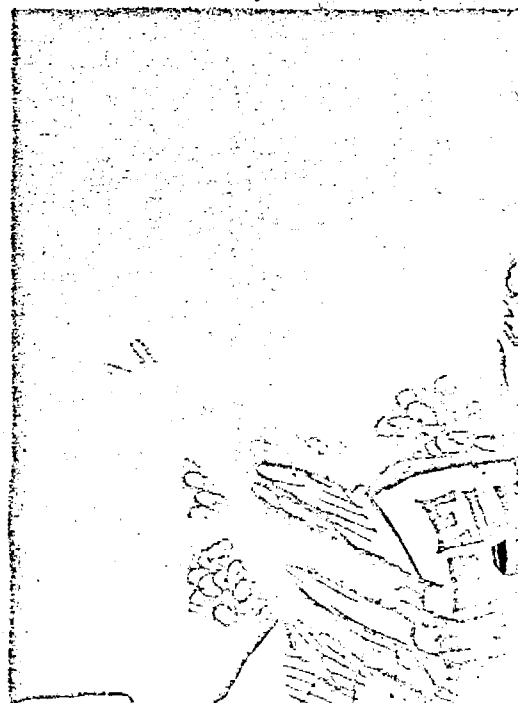
All night long the television screen kept
ing us the score, and the screen kept getting
wrong. A score that is kept simply in terms of
Democrats and Republicans is grossly mislead-
ing. Tuesday's elections, on balance, added up to
a narrow victory for political conservatism. De-
pending on your point of view, that's the best of
the worst that can be said.

I happened to end the campaign trail in De-
troit. Conflicting political winds were blowing
everywhere.

Michigan voters went liberal: They ~~denied~~
Republican Senator Robert Griffin; they ~~op-~~
proved collective bargaining for state police; they
rejected drastic proposals for tax cuts and school
vouchers; and in Detroit they cheerfully voted
bond issues for firehouses, urban renewal and
improvements at the zoo.

Michigan voters went conservative: They
stuck with their moderate Republican governor;
they prohibited parole for certain crimes of vio-
lence; they raised the minimum age for drinking
from 13 to 21; they voted to permit denial of bail
in major crimes; and they voted for a "Proposi-
tion E" that soberly echoes the Tennessee plan
for restraining state expenditures.

THE SAME INDECISIVE WINDS were
blowing across the nation. In Virginia, New Jer-
sey and Florida, conservatives successfully
voted new efforts to legalize gambling. Califor-
nia enlarged the number of crimes carrying a death
penalty — a conservative view. Colorado added
to tax limitation — a liberal view. But Arizona,
Nevada, Hawaii, Illinois, Texas and Idaho kept
the conservative idea of cutting taxes, spending
and Florida turned down a liberal
state move toward equal rights for women.



/oice of the reader

OPINIONS & IMPRESSIONS

Wine in grocery stores is not a bad idea

Initiative 81 would amend the Montana liquor law to allow the private sale of table wine and make wine available in more locations. Distributors of table wine (wine with an alcoholic content of 14 percent or less) would be licensed by the Department of Revenue. All licensed retailers would be allowed to purchase table wine from any licensed distributor, similar to the present system of beer distribution. Grocery stores and drug stores would be allowed to obtain retail licenses for the sale of table wine.

That's the attorney general's explanatory statement of Initiative 81, an initiative we favor.

Before discussing the initiative two points should be made.

1. Leonard B. Eckel is chairman of Montanans Who Like Wine. This is the political action committee that is supporting Initiative 81. Eckel also owns Len Visual Design.

Len Visual design is doing the graphic work for the ads that promote Initiative 81. The ads are placed by Montana West, an advertising agency that is not owned by Eckel. Eckel said he is paid for his time and that Montanans Who Like Wine has a steering committee which ap-

In 1977 Eckel organized a consumer group and pushed for passage of a bill that would have allowed wine in grocery stores. When the bill was defeated in the Legislature, Eckel told us he planned organize a drive to get the issue on the 1978 ballot.

2. Another political action committee, Responsible, Sensible, Voting Parents (RSVP) has been organized to oppose the wine initiative. From all appearances RSVP is a Montana Tavern Association political action committee.

In all fairness it is very important to point out that when the wine bill was being considered by the 1977 Legislature a rather strange coalition of labor, the tavern organization—and church groups—opposed it. It would be patently unfair to say that RSVP consists only of tavern people. If you read the

information on Initiative 81 in the voter information booklet you will see that the people arguing against the initiative represent ministers, David L. Hayden; the tavern association, Don W. Larson; and labor, Robert G. Kokoruda.

The tavern association has every right to attempt to protect its own turf, it just so happens that we happen to disagree with it on the issue of what might be called "decontrol" of wine.

We agree with Eckel's contention that grocery stores and pharmacies tailor their services to consumers and offer more convenient hours, more convenient locations, the acceptance of checks and reactions that reflect consumer demands. And we believe that permitting the sale of wine in grocery stores will provide a much greater selection of quality wines and increase consumption.

The elderly are among those who enjoy wine and there is little doubt that they would purchase more if it was convenient and cost less than it does now.

There are many people who don't like to go to the liquor store and make sure they have the cash in hand to make their purchases.

Arguments abound as to how much money the state will lose if it is forced out of the wine business and that is something the Legislature will have to thoroughly examine if the initiative passes. But we don't think the fiscal situation will be as bad as the opponents would have us think.

The State of Idaho showed an increase in wine sales of more than 400 percent which was maintained after the initial surge of buying to fill the distribution system.

According to The Wine Institute not one state that has converted to private sector distribution of wine in the last 10 years has lost money.

The proponents and opponents of Initiative 81 have raised their own valid points.

It is our opinion that the proponents have built the stronger case and that Initiative 81 deserves to pass.

Against wine initiative

Capitol Bureau

HELENA — The historic enemy of grocery stores legislation, the Montana Tavern Association, is fielding a political action committee to fight Initiative 81 known as the Responsible, Sensible Voting Parents (RSVP).

Initiative 81 will allow voters to decide whether to allow wine in grocery stores, legislation which has failed in legislatures chiefly due to the opposition of the tavern owners.

Officers of the Responsible, Sensible Voting Parents are: Rich Miller of Anaconda's Buckhorn Bar, Billie McManis of Boulder's Windsor Bar and Jim Durkee, executive secretary of the Montana Tavern Association.

Don Larson, chairman of the tavern association, said the political action committee was called Responsible, Sensible Voting Parents, "because we are."

He said that among the reasons the group opposes the initiative are:

- Passage would require a report-writing system which would cause an increase in the state's bureaucracy;
- The state would lose \$3.5 million revenue by lost markups and taxes because the state liquor monopoly would lose control of wine;
- Availability of wine would increase to youth as well as adults ad-

ding to loss of control over wine;

— Many state liquor stores would have to close resulting in loss of jobs.

Larson said his group also supports a constitutional amendment which would raise the legal drinking age to 19 years of age.

'deceptively inaccurate'

HELENA (AP) — Officials of the Montana Department of Revenue are deceptively inaccurate in computing the economic impact of Initiative 81, says a spokesman for the consumer group supporting the table wine initiative.

"By intentionally ignoring certain current expense items and by also ignoring certain new income areas, the state is presenting a distorted view of the financial impact of this initiative," said Len Eckel of Helena.

In a prepared statement Monday, the president of Montanans Who Like Wine PAC said there is no question the real winners will be Montana consumers and taxpayers if the initiative is passed.

"The state consistently omits from its figuring the savings that would occur to the state from the private handling of wine," he said. "Savings would be seen in warehousing, capital equipment, depreciation and inventory. Yet the state chooses to ignore these savings. We can only imagine the reason is self-serving."

Eckel also charged that state government has not recognized income from new sources that would be

opened under Initiative 81. "Substantial new state income will be seen from license fees, income taxes from new private employees in grocery stores, pharmacies, distributors and construction companies and new property taxes which will be generated on new construction, equipment and capital investment."

Eckel said the truth is there is every likelihood the state will never lose a dime from enactment of the measure and "may well in fact profit through new revenue and the increased efficiency of a private competitive system."

But Initiative 81 backers claim state won't lose money

Wine drinkers may need bigger capacity

By THOMAS KOTYNSKI
Tribune Capitol Bureau

HELENA — A Department of Revenue analysis says that wine consumption in Montana will have to increase 573 percent to maintain current state revenues if an initiative to make table wines available in grocery stores passes.

Backers of Initiative 81, a group known as Montanans Who Like Wine, have claimed that state tax revenues should remain about the same or increase, expecting that Montana wine sales increase 400 percent if the initiative passes.

Assuming the 400 percent increase in consumption, the analysis says, the state would still lose \$1 million in revenue.

If wine sales remain the same as they have in the immediate past year, the analysis said, the state would lose \$3.4 million. If sales doubled, the loss would be \$2.8 million, the analysis said.

The state reaps its revenues for the sale of wines on a complicated formula which takes into account shipping and an administrative markup

figure which varies from 40 to 82 percent of that formula and then 26 percent on top of that in the form of an excise tax.

Initiative 81 would eliminate such a markup and tax and replace it with a simple 75 cents a gallon tax.

The analysis says that if sales remained the same as last year the per gallon tax to make up for the lost revenue would have to be \$5.00 per gallon, instead.

In the past year 781,940 gallons of table and sparkling wines were sold in Montana generating \$1.6 million in taxes and \$2.3 million in markup for Montana.

A spokesman for Montanans Who Like Wine said that the department's analysis ignores other considerable revenues which would come into play if the initiative is passed by voters in November.

For one thing, he said, the initiative will switch sales of table wines from the state liquor monopoly to private distributors, and as a result jobs will be created, which result in more state income tax revenues for the state (he estimated that at a half a job per the 600 grocery stores in the state will result in 300 new jobs); there will be more property tax revenues as stores and distributors

gear up to handle the wine, because distributors will build, stores will make room for the addition and a distribution network will have to be put into place and will buy equipment to haul the wine.

"The potential for tax loss is balanced by tax revenues from other sources which will be increased by the initiative," he said.

The spokesman said that in states which have decontrolled wine have never lost money.

He cited the state of Maine which decontrolled in 1971 and since then has topped the 1970 wine sales level by between 441 percent and 718 percent.

In Idaho, which decontrolled in 1972, the sustained increase over 1970 sales ranged from 430 to 418 percent and as high as 518 percent.

"It is not unrealistic to show that the popularity of wine increases with decontrol on a percentage basis high enough to compensate for tax losses," the spokesman said.

If 75 cents per gallon is not feasible to cover the lost revenue, the 1979 Legislature can change the amount of tax, the spokesman said.

Backers of the initiative say that its passage will result in a better selection of wines which are more avail-

able and less expensive than under the current state monopoly.

A proposal to decontrol wines failed during the 1977 Legislature as a result of a strange coalition of the teetotaling churches and tavern owners. The churches didn't want to see wine become more available. The tavern owners were out to protect their interests: to have people purchase the wine from them instead of in grocery stores.

The so called Table Wine Bill would allow sales of wine of 14 percent or less alcoholic content in groceries and licensed pharmacies for off premise consumption.

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Bridge bill \$25 billion

WASHINGTON (AP) — It would cost an estimated \$25 billion in 1973 dollars to repair or replace deficient bridges across the country, the National Association of Counties said Monday. The federal government has estimated that \$12.5 billion is necessary for replacement of some 33,000 bridges on roads and highways that receive federal aid.

The
OFFICE MART

ALUMINUM SHEETS

(Press Plates)

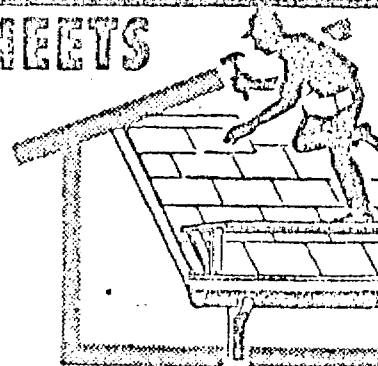
from the

Great Falls Tribune

are great for

- ROOFING
- SIDING
- INSULATION

Great to paint signs on.



The Billings Gazette

Opinion

4/13/78

Let's liberate wine

itions are now being circu-
n Montana to place an ini-
on the ballot authorizing
wine in grocery and drug

e action is being taken be-
the Legislature has refused
nge the law so that Mon-
who like wine can pur-
it along with their grocery
t as is now done with beer.

itions are to be found in
of the grocery stores. It
ake 15,834 valid signatures
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the initiative placed on the
nber ballot.

you would like the same
ge as is enjoyed in many
states, that of buying the
of your choice in a grocery
then you'll want to sign the
ons.

he proposed Table Wine ini-
e could result in the lower-
prices on wine as various
s enter competition for your
It also is expected that it
provide all Montanans a
selection than is now avail-
through the state owned and
ted liquor stores.

istribution of wine would be
ished in the same manner
now done with beer. It
be handled by licensed dis-
pers and get the state out of

collect its tax and supervise en-
forcement.

The initiative is directly in-
volved with table wines, those
under 14 per cent alcoholic con-
tent, and does not propose that
groceries and drug stores handle
the wino's favorite, the fortified
wines.

We do regret that the initia-
tive process is necessary to give
Montanans the same rights of
purchase and selections as is
available in many other stores,
including those with the monop-
oly system. The initiative is nec-
essary because the Legislature
has listened more to the bar own-
ers than it has to the consumer.

If truth be known, it is not
unlikely that the bar owners have
no real objection to the sale of
table wine in grocery stores.
Table wine isn't their thing un-
less they operate a bona fide
package store along with the bar.
There a few and they too will get
the benefit of a more diversified
and competitive wine sale sys-
tem.

We can see no valid reasons,
other than those always raised by
the temperance sector, why Mon-
tanans should not be able to buy
table wines in grocery stores as
well as current sources.

If you like table wine and be-
lieve in the competitive private
enterprise system, the Table

GREAT FALLS TRIBUNE

6/9/78

P8

Wine in groceries may be on ballot

In addition to produce prices, the initiative effort to allow the sale of wine in Montana groceries is a topic in local food stores this week.

Members of the group called Montanans Who Like Wine, which is sponsoring the movement, are seeking signatures of qualified voters in many area food stores. The initiative needs 15,834 signatures statewide before July 24 to get on the Nov. 7 ballot.

Len Eckel, Helena businessman, wine lover and spokesman for the group, said, "The purpose of the initiative is to express popular grass-roots support for this measure which the legislature has been politically unable to enact previously. Our ballot issue is very similar to bills which have been introduced in the legislature in the past."

According to Eckel, the so-called Table Wine Bill which the initiative supports would allow the sale of wines of 14 percent or less alcoholic content in groceries and licensed pharmacies for off-premise consumption.

By establishing a distribution system similar to that of beer, the bill would eliminate the state of Montana

from the retail and wholesale function of table wine distribution and assure distribution to all parts of the state, Eckel added. He said the bill also would have the impact of lowering the prices of wines to levels similar to Washington and Idaho where private enterprise has replaced the state-controlled system. For the first time, he said, licensed taverns and restaurants would be able to buy wine at wholesale prices.

"Although the Table Wine Bill provides for lower wine taxes per bottle, state tax revenues should remain about the same or even increase, based upon the experiences of Idaho, Washington and other states where the increased volume of decontrolled wine sales offset the lower taxes," Eckel said.

"We believe Montana consumers should have the right to purchase table wines under the same conditions as they are allowed to purchase beer. Additionally we believe it is an injustice that Montanans are now paying up to 40 percent more than residents of nearby states for the same bottle of wine."

Local Wine Drinkers Given Chance to Support Initiative

Members of a group called
ans Who Like Wine will
Missoula this weekend
signatures of voters
port an initiative to al-
sale of wine in Montana
stores.

ons will be available at
ajor grocery stores, ac-
to Len Eckel, a Helena
man who is spokesman
group.

initiative needs 15,834
es statewide before July
alify for the Nov. 7 bal-

purpose of the initia-
Eckel said in a press re-
is to express popular,
ots support for this
a, which the Legislature

has been politically unable to
enact previously."

He said the initiative is very
similar to bills that have been
introduced in the state Legisla-
ture in the past — bills that
have been defeated, Eckel said,
because of a strong tavern-own-
er lobby.

"We believe Montana con-
sumers should have the right to
purchase table wines under the
same conditions as they are al-
lowed to purchase beer," Eckel
added. "Additionally, we be-
lieve it is an injustice that Mon-
tanans are now paying up to 40
percent more than residents of
nearby states for the same bot-
tle of wine."

According to Eckel, Montan-

ans Who Like Wine claims a
membership of more than 300
persons throughout the state
and was incorporated as a non-
profit group in the fall of 1977.
He said the group, based in Hel-
ena, is made up of individuals
rather than members of special-
interest groups, but he said it
has received "good coopera-
tion" from grocery-store own-
ers.

The group began its initiative
drive early this month, and
Eckel said they have collected
about 10,000 signatures from
voters in Helena, Great Falls
and Billings.

Eckel said the initiative
would enact a Table Wine Bill
that would:

- Allow the sale of wine in
grocery stores and drug stores
licensed as pharmacies for off-
premise consumption;
- Limit the sale of wine in
grocery and drug stores to
wines of 14 percent or less alco-
holic content;
- Eliminate the state of Mon-
tana from the retail and whole-
sale function of table wine dis-
tribution;
- Establish a distribution sys-
tem similar to that of beer to
assure distribution to all parts
of the state;
- Have the impact of lower-
ing the price of wines to levels
similar to Washington and Ida-
ho (states that have changed re-
cently from a state-controlled to
a private enterprise sales sys-
tem);
- Allow licensed taverns and
restaurants to buy wine at
wholesale prices.

Eckel said that, as in Wash-
ington and Idaho, increased vol-
ume of private wine sales could
offset the lower taxes per bottle
provided for in the bill, thus
keeping state revenues from
wine sales at either the same
level or higher.

Montanans Who Like Wine P.A.C.

POST OFFICE BOX 1003 HELENA, MONTANA 59621 (406) 443-2123

Edward B. E. for Chairman, Conchetta Marie Eckel, Treasurer

I. GENERAL INFORMATION

A. The Initiative

1. Scope

Initiative 81 will 1) eliminate the state from the wholesaling and retailing of wine, replacing it with a private enterprise distribution system (as with beer); 2) such distribution system will be limited to still and sparkling wines containing 14% or less alcoholic content; and 3) private retail outlets allowed to sell wine would be Department of Revenue licensed grocery stores, pharmacies, taverns and restaurants.¹

2. Description

Attorney General's explanatory statement of Initiative 81, as it will appear on the November ballot:

This initiative would amend the Montana liquor law to allow the private sale of table wine and make wine available in more locations. Distributors of table wine would be licensed by the Department of Revenue. All licensed retailers would be allowed to purchase table wine from any licensed distributor, similar to the present system of beer distribution. Grocery stores and drug stores would be allowed to obtain retail licenses for the sale of table wine.

B. Montanans Who Like Wine, P.A.C.

Montanans Who Like Wine is a group of consumers and interested parties who sponsored the movement leading to a successful petition drive to place Initiative 81 on the ballot. MWLW is currently organizing and administering a follow-up campaign to inform the voters of the merits of the Initiative.

C. Background

At present 35 states allow sales by grocery stores and only five other states restrict wine sales to state liquor stores alone.²

¹A copy of the Initiative proposed language is available on request from Montanans Who Like Wine, P.A.C.

²The rest of the states have retail schemes involving private liquor stores, drug stores, etc. A Wine Institute compilation (released April 28, 1976), p.1

CONVENIENCE

Grocery Stores and pharmacies tailor their services to consumers; providing longer hours, more convenient locations, the acceptance of checks and product selections reflecting their customers' demands. At present, there are 147 state-operated retail liquor stores,³ the only outlets which sell wine at straight retail prices. To buy wine at any of the 1,478 private outlets (such as bars or taverns),⁴ one has to pay an average mark-up of 40% over state retail prices.⁵ As noted below, whether retail or retail plus mark-up, wine prices in Montana are excessive. Initiative 81 offers the consumer a better system, providing over 2,000 potential private outlets, all buying at wholesale and able to reflect that savings in their retail price.

III. LOWER PRICES

"Montana ... wine prices are among the highest in the country."⁶ Wine prices in Montana's state liquor stores are higher than the average price in 35 other states; wine prices at Montana's private retail outlets exceed those of any state.⁷ The high price Montanans pay for wine will be lowered by replacing the state table wine monopoly with a more efficient and competitive free enterprise retailing and wholesaling structure and by incorporating a new, reasonable gallonage tax on table wine.

³"Fiscal Impacts of Altering Montana's Liquor Distribution System" state of Montana Office of the Legislative Fiscal Analyst (July 26, 1976), pp. 5-6.

⁴Ibid.

⁵Ibid, p. 21.

⁶Ibid, p. 5.

⁷Ibid, p. 18, 20.

IV. NEW JOBS

While there is no reason to believe that an excessive number of state liquor employees will lose their jobs (the stores will still sell liquors and wines other than table wines), past experience has shown that states adopting similar proposals have experienced "a substantial increase of employment by local distributors and increased additional warehouse and wine storage construction."⁸

V. GREATER SELECTION

Business principles and historical evidence both confirm the expectation of a greater variety of wines. For example, evidence shows that since Idaho, in 1971, and Washington, in 1969, switched from state to free enterprise systems, table wine selections available increased from 50 to 850 in Idaho and from 900 to over 2,000 varieties in Washington.⁹ Local outlets can tailor their supply to meet localized needs.

VI. REVENUE

Since under the present system the state charges an average of over five dollars a gallon in tax and mark-up, the State Revenue Department estimates that a 578% increase in consumption of table wines would be necessary to raise an equivalent amount at the Initiative 81 excise tax level of \$.75/gallon,¹⁰ (the highest such tax in the Pacific Northwest). It should be pointed out initially that this percentage reflects some faulty assumptions (e.g., not deducting the present cost of state distribution, which will be taken over by the private sector, and failing to consider new tax and licensing revenues generated by the Initiative).

⁸The Wine Institute, citing the Idaho experience, (April 28, 1976), p. 2.

⁹Washington State Liquor Control Board 44th Report, 1977
p. 27

¹⁰Montana Department of Revenue Memorandum to Laury M. Lewis (Acting Director), (September 19, 1978), p. 1

¹¹Ibid, pp. 2-3

In any event, a substantial increase in volume of sales can be anticipated. Maine and Idaho showed increases of well over 400% which are maintained even after the initial surge of buying to fill the distribution pipelines.¹² Other states, in similar circumstances, invariably showed a substantial increase in wine sales.¹³

Such factors as relative inaccessability of the product, few marketing efforts and limited product selection all impede the sale of the product. Since most states (44) permit wine sales in the retail open market (35 states allow sales in grocery stores, others have private liquor stores, etc.), the relative product inaccessability in Montana would seem to be a deciding¹⁴ factor in explaining the relatively low per capita wine sales.

With such increased sales, the conversion to an open retail system of distributing wine should yield very nearly as much to the state with a reasonable excise tax as the state made with monopolistic mark-ups and taxes.

In addition, substantial revenues can be expected to result from license fees, increased income taxes, and improved property tax values from new construction and equipment--all of which will be paid by the private enterprise distributors and retailers of wine.

VII. ALCOHOLISM

A 1976 study by the Office of the Legislative Fiscal Analyst for Montana found a weak correlation between adult per capita sales of alcohol and the reported rate of alcoholism, indicating that wine consumption can increase without quantifiable adverse effects.¹⁵ More importantly,

¹²The Wine Institute, *Supra*, pp. 3-4.

¹³See also "Fiscal Impacts...", *Supra*, pp. 10-11 for case sale trends and increase in gallons of wine sold per capita.

¹⁴"Fiscal Impacts...", *Supra*, p. 14

¹⁵*Ibid*, pp. 55-57

in The Second Annual Report to the United States Congress on Alcohol and Health, wine drinkers are specifically mentioned in a profile analysis of persons most likely not to have alcohol-related problems.¹⁶ Several studies, including one by the National Institute on Alcohol Abuse and Alcoholism,¹⁷ show that wine is rarely used by those arrested for driving while intoxicated and that there is no significant relationship between wine consumption and traffic fatalities.

VIII. GENERAL MORAL QUESTIONS

Wine was a common beverage of the ancient Hebrews, Greeks, Romans and other nationalities. It was kept in every household and offered on occasions of hospitality and festivity. Numerous Old Testament references to wine indicate the early origin and significance of the wine industry in the Middle East. Although wine's misuse is strongly condemned in the scriptures, the New Testament gives a precept for St. Timothy's health: "Drink no longer water but use a little wine for thy stomach's sake and thine often infirmities." (I Timothy 5:23) The role of wine in the Christian mass helped maintain the wine industry through the dark ages, and monastic orders originally developed many of the highly regarded wine producing areas in Germany, France, and Austria.¹⁸

Wine is also currently used primarily as an adjunct to meals. Popular economist Sylvia Porter indicates that "Wine is not competing primarily against distilled spirits and malt beverages, but against other forms of beverages used familiarly with meals."¹⁹ A study done at the University of California (Berkley), confirmed the nutritional

¹⁶ Secretary of Health, Education & Welfare, June, 1974

¹⁷ "Evaluation of Alcoholism Treatment Programs for Drinking Drivers," NIAA, published in the proceedings of the 55th Annual Meeting of the Transportation Research Board, Washington, D.C. (1976).

¹⁸ General sources used: Encyclopedia Britanica, Vol. 19, p. 876; Biblical concordance.

¹⁹ Great Falls Tribune, September 3, 1978

portance of wine including increasing the body's ability to utilize essential minerals.²⁰ In addition, wine contains several vitamins and minerals (including large amounts of iron and vitamin B supplements) and many hospitals are including wine in the regular hospital dietetics to boost appetites, add zest to an institutional diet and boost patient morale.²¹ One need not be a connoisseur nor even a drinker of wine to benefit from its availability since it can be used often in cooking wherein it loses its alcoholic content and imparts only aroma and flavor to the food). It should be noted that cooking wines presently available in grocery stores contain highly concentrated additives, such as salt, to make the wine unpalatable to the potential drinker, having a commensurate result on the food when used for cooking.

X. FREE ENTERPRISE

Initiative 81 is unique, in that the consumers benefit but so do all the businesses involved. The advantages to be gained by the distributor/wholesalers and the grocer/retailers are evident, but in the past, opposition has been mounted by tavern-owner/retailers concerned with protecting their position as the only private retailer of wine. The lack of such organized opposition to Initiative 81 may demonstrate that the tavern-owners recognize the advantages to be gained by them also under the Initiative 81 proposal; for the first time, the taverns and bars in Montana would be allowed to buy at wholesale from the distributor rather than at retail from the state (leading to the potential for higher profit and/or higher volume of sales).

²⁰ McDonald, Janet Tribe: "The Influence of Wine vs. Ethanol on Nitrogen and Mineral Balance in Adult Human Males, Berkley, University of California, 271 pp (1974) PhD Thesis.

²¹ The Story of Wine and Its Uses, The Wine Institute (1975), p. 6.

Section _____. Section 12 of Initiative No. 81 is amended to read:

Section 12. Section 4-4-201, RCM 1947, is amended to read as follows:

"4-4-201. Issuance of retail beer licenses--limit on number of retail licenses--wine license amendments--off-premises consumption. (1) Except as otherwise provided by law, a license to sell beer at retail or beer and wine at retail, in accordance with the provisions of this code and the rules of the department, may be issued to any person, firm, or corporation who is approved by the department as a fit and proper person, firm, or corporation to sell beer, except that:

"(a) the number of retail beer licenses that the department may issue for premises situated within incorporated cities and incorporated towns and within a distance of 5 miles from the corporate limits of such cities and towns shall be determined on the basis of population as shown by the most recent official United States census authorized by congress, as follows:

"(i) in incorporated towns of 500 inhabitants or less and within a distance of 5 miles from the corporate limits of such towns, not more than one retail beer license which may not be used in conjunction with a retail all-beverages license;

" (ii) in incorporated cities and incorporated towns of more than 500 inhabitants and not over 2,000 inhabitants and within a distance of 5 miles from the corporate limits of such cities or towns, one beer license for each 500 inhabitants which may not be used in conjunction with retail all-beverages licenses;

"(iii) in incorporated cities of over 2,000 inhabitants and within a distance of 5 miles from the corporate limits of such cities, two additional retail beer licenses for the first 2,000 inhabitants or major fraction thereof and one additional retail beer license for each additional 2,000 inhabitants which may not be used in conjunction with retail all-beverages licenses;

"(b) the number of the inhabitants in such cities and towns, exclusive of the number of inhabitants residing within a distance of 5 miles from the corporate limits thereof, shall govern the number of retail beer licenses that may be issued for use within such cities and towns and within a distance of 5 miles from the corporate limits thereof. If two or more incorporated municipalities are situated within a distance of 5 miles from each other, the total number of retail beer licenses that may be issued for use in both of such municipalities and within a distance of 5 miles from their respective corporate limits shall be determined on the basis of the combined populations of both of such municipalities and may not exceed the foregoing limitations. The distance of 5 miles from the corporate limits of any incorporated city or incorporated town shall be measured in a straight line from the nearest entrance of the premises proposed for licensing to the nearest corporate boundary of such city or town.

"(c) retail beer licenses of issue on March 7, 1947, and which are in excess of the foregoing limitations shall be renewable, but no new licenses may be issued in violation excess of such limitations only when the department finds upon the record of a contested case hearing that additional licenses with wine amendments in a city or town would serve public need and convenience

"(d) such limitations do not prevent the issuance of a non-transferable and nonassignable retail beer license to a post of nationally chartered veterans' organization or a lodge of a recognized national fraternal organization if such veterans' or fraternal organization has been in existence for a period of 5 years or more prior to January 1, 1949;

"(e) the number of retail beer licenses that the department may issue for use at premises situated outside of any incorporated city or incorporated town and outside of the area within a distance of 5 miles from the corporate limits thereof or for use at premises situated within any incorporated town shall be as determined by the department in the exercise of its sound discretion, except that no retail beer license may be issued for any premises so situated unless the department determines that the issuance of such license is required by public convenience and necessity.

"(2) The cities and incorporated towns may enact ordinances defining certain areas in the cities and town where alcoholic beverages may or may not be sold. No incorporated city or incorporated town may by ordinance restrict the number of licenses that the department may issue. However, no retail license may be issued by the department for any premises situated within any zone or such city or town where the sale of beer or liquor is prohibited by ordinance, a certified copy of which has been filed with the department. The department may deny the issuance of a retail beer or all-beverages license if it determines that the premises proposed for licensing are off regular police beats and cannot be properly policed by local authorities.

"(3) A person holding a license to sell beer for consumption on the premises at retail may apply to the department for an amendment to the license permitting the holder to sell wine as well as beer. The division may issue such amendment if it finds, on a satisfactory showing by the applicant, that the sale of wine for consumption on the premises would be supplementary to a restaurant or prepared-food business. A person holding a beer-and-wine license may sell wine for consumption on the premises. ~~He may buy wine only at retail from the department.~~ Nonretention of the beer license, for whatever reason, shall mean automatic loss of the wine amendment license.

"(4) A retail license to sell beer or table wine, or both, in the original packages for off-premises consumption only may be issued to any person, firm or corporation who is approved by the department as a fit and proper person, firm, corporation to sell beer or table wine, or both, and whose premises proposed for licensing are operated as a bona fide grocery store or a drugstore licensed as a pharmacy. The number of such licenses that the department may issue is not limited by the provisions of subsection (1) of this section but shall be determined by the department in the exercise of its sound discretion, and the department may in the exercise of its sound discretion grant or deny any application for any such license or suspend or revoke any such license for cause."

Section _____. Section 16-4-201, MCA, is amended to read:

16-4-201. All-beverages license quota. (1) Except as otherwise provided by law, a license to sell liquor, beer, and wine at retail

(an all-beverages license) in accordance with the provisions of this code and the rules of the department may be issued to any person who is approved by the department as a fit and proper person to sell such beverages, except that the number of all-beverages licenses that the department may issue for premises situated within incorporated cities and incorporated towns and within a distance of 5 miles from the corporate limits of such cities and towns shall be determined on the basis of population as shown by the most recent official United States census authorized by congress, as follows:

(a) in incorporated towns of 500 inhabitants or less and within a distance of 5 miles from the corporate limits of such towns, not more than two retail licenses;

(b) in incorporated cities or incorporated towns of more than 500 inhabitants and not over 3,000 inhabitants and within a distance of 5 miles from the corporate limits of such cities and towns, three retail licenses for the first 1,000 inhabitants and one retail license for each additional 1,000 inhabitants;

(c) in incorporated cities of over 3,000 inhabitants and within a distance of 5 miles from the corporate limits thereof, five retail licenses for the first 3,000 inhabitants and one retail license for each additional 1,500 inhabitants.

(2) The number of the inhabitants in such cities and towns, exclusive of the number of inhabitants residing within a distance of 5 miles from the corporate limits thereof, shall govern the number of retail licenses that may be issued for use within such cities and towns and within a distance of 5 miles from the corporate limits thereof. If two or more incorporated municipalities

total number of retail licenses that may be issued for use in both of such municipalities and within a distance of 5 miles from their respective corporate limits shall be determined on the basis of the combined populations of both of such municipalities and may not exceed the foregoing limitations. Notwithstanding the preceding sentence, the total population for determining the quota of a city may include with the city's population the population residing outside but within 5 miles of the city limits in a case where the number of persons residing outside but within 5 miles of the city exceeds the number of persons residing within the city. Such a determination may be made only upon a special census taken by the department or its agent at the expense of the applicant for a license under this section. The distance of 5 miles from the corporate limits of any incorporated city or incorporated town shall be measured in a straight line from the nearest entrance of the premises proposed for licensing to the nearest corporate boundary of the city or town.

(3) Retail all-beverages licenses of issue on March 7, 1947, and which are in excess of the foregoing limitations shall be renewable, but no new licenses may be issued in violation excess of such limitations--only when the department finds upon the record of a contested case hearing that additional licenses in a city or town would serve public need and convenience, with particular regard for the availability of wines:

(4) Such limitations do not prevent the issuance of a non-transferable and nonassignable (as to ownership only) retail

license to any post of a nationally chartered veterans' organization or any lodge of a recognized national fraternal organization if such veterans' or fraternal organization has been in existence for a period of 5 years or more prior to January 1, 1949.

(5) The number of retail all-beverages licenses that the department may issue for use at premises situated outside of any incorporated city or incorporated town and outside of the area within a distance of 5 miles from the corporate limits thereof may not be more than one license for each 750 population of the county after excluding the population of incorporated cities and incorporated towns in such county.

*Exhibit S-579
Economic & Social
January 26, 1979*

My name is Kelly Jenkins and I have worked with Montanans Who Like Wine since September. I am not an economist nor an accountant. But I do know the difference between gross income and net profit. The Department of Revenue apparently does not. They deal in a statistical mumbo-jumbo that is barely comprehensible. If, during my testimony you become confused by the numbers and terms that float around, just think what my reaction was to the hours spent trying to make any accounting sense out of this mess.

I would hate to suggest that the Department of Revenue had anything but neutral interest in Initiative 81. It just seemed like we are constantly trying to hack through their statistical jungle to reach some daylight.

Take, for example, the \$3.4 million figure noted in the first news story. Not even Kotynski knew what they were talking about. MWLW kept trying to clarify the situation, as you can see on the second page, but the figure kept popping up, along with other confused statements on overhead, such as increased bureaucracy and simultaneous loss in state jobs. And there was never a clarifying statement issued by the Department of Revenue.

You'll note on the third page that the Department two days after the election, cited a new figure of \$5.6 million over two years (apparently \$2.8 million per year didn't sound large enough). But a \$3.5 million figure is still being kicked around.

To arrive at these "revenue lost" figures, one would assume that they compared net profit under the old system with net profit under the Initiative 81 system. Nothing could be further from the truth.

Those figures were first expressed in this September 19th memorandum. Note initially, that the \$3.4 million per year figure assumed no increase in sales. Not even the Department of Revenue believed that, but that didn't stop them from citing the \$3.4 million figure. Their later \$2.8 million

figure assumed a conservative doubling of sales. Apparently no mention was made in any of the Department press releases about the possibility that wine sales could increase more than 400%, as they had in Maine and Idaho, when those states decontrolled the sale of wine.

The second paragraph of the memo, in the understatement of the year, confesses that there is a difference between gross income and net profit. This is where we find out what they are saying: All of the above figures are comparisons of the gross revenue (without deducting overhead) when the state sells the wine and gross revenue when the state simply gets 75¢ a gallon for doing nothing. The Department then embarrasses itself again by assuming the only overhead involved is personnel (I assume that means wages, benefits, offices, support services, etc.). But what about the rest of the overhead like freight, storage space, shelf space, equipment costs and depreciation, or money tied up in inventory? What about offsetting revenue possibilities, under Initiative 81, such as those from alternate use of the same marketing facilities with more profitable liquors? Or from new license fees, or from expanded private enterprise income and property tax bases?

During the campaign, I could accept those miscalculations and far-fetched assumptions as just mistakes in the Department's preliminary analysis. In the last week, the Department has outdone itself.

I call your attention to Fiscal Note, Request Number 18-79 issued on a yellow sheet. Now, suddenly, when the state needs the share of a larger market to justify re-entry into retailing, it is safe to assume a doubling of the market. Assumption B assumes a mysterious 156,000 gallons of table wine sold by the state. You know where this figure came from? It is exactly one tenth of the total market projected. You know why a one tenth share is projected? Neither do I. The state would have less than 7% of the outlets;

the state mark up percentage set in assumption C, below, can not possibly be competitive with private markups; and private stores have 7.5 times more product accessibility than state stores.

The final assumption, once again, is that despite a 32% decrease in units sold, the total number of employees will remain the same and they will not be put to use marketing other liquors or in any constructive, revenue raising capacity.

Let's go to the tables below. Do you know where the estimated increase in table wine tax revenues is expected to come from? From the state adding 156,000 gallons of wine sales. The state can not add to wine sales. It can only take business away from private retailers.

So far we have put up with much in the way of shifty semantics and untenable assumptions. But now comes the kicker.

The only way to figure this one out is with a copy of the worksheet used to compile this fiscal note. Do you see the phrase "net profits from table wine sales". The proposed-law range for Senate Bill 99 is 469,500 676,600. Now look at page two of the worksheet. On the bottom half where those boxes are. 469,500-676,600 again! Only here its called "state mark up on table wines". We all know already that state mark up means gross mark up or gross revenue. But on the fiscal note you received, it's called net profits.

At best those figures are net revenue because they don't include the 75¢ excise tax which the Department, in a fit of rationality, suddenly realized they would get no matter who sold the wine.

But whatever those figures are called, they still don't subtract out the overhead necessary to bring in that much in mark ups. And they still don't reflect the revenue possibilities with alternative uses of

That overhead.

It is little wonder that the public chose not to believe the Department of Revenue's "the sky is falling" economic estimates. I assure you, ladies and gentlemen any "Economic Mischief" concerning Initiative 81 is on the part of the Department of Revenue. Either they are trying to fool you and the public or they don't understand the most basic accounting principles. Do you really want them running a statewide business?

Montanans
Who Like Wine P.A.C.

POST OFFICE BOX 1032 HELENA, MONTANA 59601 (406) 443-2185

Leonard B. Eckel, Chairman, Concetta Marie Eckel, Treasurer.

Exhibit 9 - 589
Liquor Industry
January 26, 1979

January 26, 1979

The Honorable Allen Kolstad
Business and Industry Committee
State Capitol
Helena, MT 59601

Dear Senator Kolstad:

This morning I testified before the Senate Business and Industry Committee, concerning what I perceive to be an attempt by the Department of Revenue to obfuscate the fiscal issues concerning Initiative 81 and Senate Bill 99.

The "response" by the Director of that Department at the conclusion of my remarks has done nothing to change my original perception.

Although Mr. Lewis seems to believe that only an accountant or an economist should dare challenge the Department's figures, all one needs is some common sense and access to the background information used to develop the statistics.

The only point Mr. Lewis dealt with was my overhead argument, saying that I should understand that all the overhead is fixed, not variable, and as such can't be eliminated. I admit that some costs are fixed, but more are variable and can be eliminated with the anticipated 32% decrease in units sold. Personnel wages, benefits, offices and support services; freight; equipment costs and depreciation; and money tied up in inventory are all, over the long run variable.

If indeed all of these costs are fixed, what about alternate use of those same marketing facilities to sell more profitable liquors? Mr. Lewis and the Revenue Department are silent on this point. What about revenues from new license fees or from expanded private enterprise income and property tax base? Again, silence.

Look at the fiscal note. Does it say any place in the assumptions that there will be no impact on overhead? That is what the figures assume.

In any case, my testimony raised more issues than the one which Mr. Lewis tried so cavalierly to dismiss. And there is no way to dismiss the apparent attempt by the Revenue Department to confuse the analysis of fiscal impact.

The Honorable Allen Kolstad

Page 2

January 26, 1979

Having the Department of Revenue calculate the economic impact of losing part of its bureaucratic domain is like having the fox guard the hen house. I hope that you keep a very close eye on the results.

Sincerely,

KELLY JENKINS

Kelly Jenkins

P.S. Since Mr. Lewis will only accept the word of an economist that something is amiss with the Department of Revenue position, affixed are some communications from an economist that Montanans Who Like Wine commissioned to study the potential fiscal impact.

cc: Members of the Senate Business and Industry Committee

Post Office Box 956
Helena, Montana 59601
Telephone (406) 442-4079

MERIDAN

ECONOMIC CONSULTANTS

November 30, 1978

Mr. Len Eckel
Montanans Who Like Wine
Helena, Montana

Dear Len:

Enclosed is the remainder of the work due M. W. L. W. under the original agreement. Table one shows the data that went into the projections. Figures 1 and 2 illustrate the range of wine demand and tax revenue.

The projections represent a high/low situation. The high projection assumes parity with national per person wine consumption. The national projections were developed by Dr. Eric Nickerson, Associate Economist, for the Bank of America, International San Francisco, Calif.

As you know Idaho has not reached parity with national per person wine consumption. On the other hand Washington and Oregon exceed the national trend by over 50%, however both states have always exceeded national wine trends.

I think that if Montana reaches parity with national wine consumption it will be doing well. If the State does reach parity by the 1980 calendar year wine consumption would exceed the 1977 consumption by 83.8%. By 1985 Montana's wine consumption would exceed the 1977 level by 156.8%.

Tax revenues from wholesale tax of \$.75 per gallon would generate \$1,663,803 in 1980 and 2,323,845 in 1985 in current dollars under the high projection. Tax revenues would not exceed the "net" currently used by the Department of Revenue. *SEE NEXT PAGE RKT*

The term "net" is not a complete accounting from an economic standpoint. It very well may be from a government enterprise accounting standpoint. The most obvious omission from an economic standpoint is the lack of capital consumption allowances on the new warehouse. Implicit in this omission is the idea that capital funds are free- an incredible assumption. Complete economic accounting requires a true accounting for the cost of capital. I believe that there are other omissions in the "net" concept. Thanks for the work.

[Signature]

1st- The State retail and wholesale wine operations are the least efficient of all Montana State liquor division operations. In FY 1978 the total unit sales of wine accounted for 32% of all liquor units sold by monopoly. The wine had to be purchased, freighted to Montana, warehoused, moved to a Montana market, stocked and then sold. The retail dollar value of wine sales represented only 19% of all the liquor the monopoly sold. Even with the high tax/mark-up on Montana wine, sales dollars are small compared to the physical volume moved.

2nd- Wine sales volume will soar once private business marketing expertise is introduced by private business in the retailing and wholesaling of wine. Wine purchase accessibility factor will be at least 7.5 times greater than currently exists in State stores. Businesses will offer an array of convenient locations and/or at speciality wine shops at competitive prices. Table wine for urban and rural consumers will be as convenient and competitively priced as any product at the nearest grocery or drug store.

3rdly-Tax funding of legally mandated State and county programs will be maintained by the 75 cents per gallon tax on wholesale wine sales. With State government out of the wine retailing and wholesaling business, significant savings should result. There should be nearly one third less in materials and money that the State would not have to spend on wine purchasing, freighting to Montana, warehousing, freighting to Montana markets, and selling. These savings should amount to \$1.6 million yearly. The tax and operational savings should provide an amount equal to nearly 85% of what the State calls its "take" on wine sales.

To summarize then, the net result of initiative 81 as passed by the voters should be: to maintain tax revenues for mandatory State and county programs; make the existing State liquor monopoly more efficient by dropping the high cost/low revenue wine operation; and augment consumer satisfaction with competitive prices, more convenience and a greater variety of wines to choose from.

On the other hand the discussion about the viability of a dual wine retail system and a State wholesale monopoly would perpetuate and add to an already inefficient wine distribution system in Montana. In addition the proposal to change initiative 81 would subvert a forthright and honest statement to Montanans: get the State out of the wine business.

Supporters of 81 should call or write their Representatives and Senators and urge them to pass the enabling legislation as it was written in the initiative. In short to keep the State government of Montana out of the wine business.



STATE OF MONTANA

DEPARTMENT OF REVENUE

MITCHELL BUILDING
HELENA, MONTANA 59601

*Exhibit K-3277
Liquor Industry
January 26, 1979*

SEPTEMBER 19, 1978

MEMORANDUM

TO: Laury M. Lewis, Acting Director

FROM: John M. Clark, Administrator, Research Division *Jmc*

SUBJECT: The Table Wine Retail Sales Initiative

In FY 78, the sale of 781,940.7 gallons of table and sparkling wines by the Liquor Division generated \$1,624,853 in taxes and \$2,353,279 in "markup" for the state. Under the assumption that the initiative passes and that retail sales of table wines will continue at FY 78 levels, then the State of Montana could lose about \$3.4 million in revenue (tax and markup) from table wines. However, it is not unreasonable to expect some increase in the volume of sales of table wines under a more expansive retail distribution system. If the number of gallons of table wine sold should double (as the Legislative Fiscal Analyst assured in his 1976 report "Fiscal Impacts of Altering Montana's Liquor Distribution Systems") then the State would lose about \$2.8 million in revenue. If we assume that wine sales will increase by 400% (as Mr. Leonard Eckel has suggested), then the state would lose about \$1 million in revenue. Because the proposed tax on table wines is only 75¢/gallon, the total quantity of table wines would have to increase 578% to equal the present revenue from table wines. On the other hand, if one assumes that the quantity of sales is fixed at FY 78 levels, then the tax per gallon which would be necessary to generate the FY 78 level of revenue would be about \$5.09.

Of course, this may overstate the impact somewhat since net profit and markup are not equivalent; however, unless some reductions in wine-related personal services can be realized, the above conclusions will also apply to net revenue.

ESTIMATED FISCAL IMPACT OF THE MONTANA TABLE WINE RETAIL SALES ACT

TOTAL WINE SALES FY-78	3,353,373 units	920,499.8	gallons
TABLE WINE SALES FY-78	293,429 cases	2,794,523 units	781,940.7 gallons
FORTIFIED WINE SALES FY-78	558,850 units	138,549.1	gallons

TAX + MARK-UP COLLECTED ON WINE FY-78 \$ 4,651,369.48

TAX + MARK-UP COLLECTED ON TABLE WINE FY-78 \$ 3,978,132.10

TAX + MARK-UP COLLECTED ON FORTIFIED WINE FY-78 \$ 673,237.38

(FY-78 WINE VOLUME) x .75/gallon \$ 690,367.35

(FY-78 TABLE WINE VOLUME) x .75/gallon \$ 586,455.53

(FY-78 FORTIFIED WINE VOLUME) x .75/gallon \$ 103,911.83

INCREASE IN WINE VOLUME NEEDED SO THAT THE TAX @
.75/GALLON TO BE COLLECTED IN FY-80 WILL EQUAL
THE TAX + MARK-UP COLLECTED IN FY-78.

(5783 increase in gallons of table wines sold)

INCREASE IN TABLE WINE VOLUME NEEDED SO THAT THE
TAX @ .75/GALLON TO BE COLLECTED IN FY-80 WILL
EQUAL THE TAX + MARK-UP COLLECTED IN FY-78.

4,522,235.4 gallons

1,697,002. cases
12/750

TAX PER GALLON NECESSARY TO GENERATE EQUAL REVENUE
FROM THE SALE OF WINE IN FY-80 AS WAS GENERATED IN
FY-78, VOLUME REMAINING CONSTANT.

\$ /gallon

TAX PER GALLON NECESSARY TO GENERATE EQUAL TAX + MARKUP
FROM THE SALE OF TABLE WINE IN FY-80 AS WAS GENERATED
IN FY-78, VOLUME REMAINING CONSTANT.

\$ 5.09 /gallon

WINE STATISTICS FY 1978

TOTAL SALES OF WINE

Table & Champagne	\$ 7,874,289.05
Dessert & Vermouth	<u>1,312,868.55</u>
TOTAL SALES	\$ 9,187,157.60

NUMBER OF UNITS SOLD

Table & Champagne	2,794,523
Dessert & Vermouth	<u>558,850</u>
TOTAL WINE SALES	3,353,373

NUMBER OF WINE ITEMS CARRIED

Table & Champagne	640
Dessert & Vermouth	<u>122</u>
TOTAL WINES CARRIED	762

TAX GENERATED BY WINE SALES

Table & Champagne	\$ 1,624,853.
Dessert & Vermouth	<u>270,909.</u>
TOTAL TAX	\$ 1,895,762.

TAX GENERATED BY WINE SALES
DISTRIBUTED TO COUNTIES

Table & Champagne	\$ 249,977.
Dessert & Vermouth	<u>41,678.</u>
TOTAL TAX	\$ 291,655.

TAX DISTRIBUTED TO DEPARTMENT OF
INSTITUTIONS THROUGH WINE SALES

Table & Champagne	\$ 124,989.
Dessert & Vermouth	<u>20,839.</u>
TOTAL TAX	\$ 145,828.

PERCENTAGES

Wine Sales/Total Sales	19.21%
Table Wine & Champagne Sales/Total Wine Sales	85.71%
Wine Generated Tax/Total Tax Collected	19.21%
Table Wine & Champagne Sales./Total Liquor Sales	16.47%
Dessert Wine & Vermouth/Total Wine Sales	14.29%
Table Wine & Champagne Units Sold/Total Wine Units Sold	83.3%
Dessert Wine & Vermouth Units Sold/Total Wine Units Sold	16.7%

STATE OF MONTANA

FISCAL NOTE

REQUEST NO. 18-79

Form BD-15

with a written request received January 16, 1979, there is hereby submitted a Fiscal Note Bill 99 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members upon request.

ON

I authorizes the Department of Revenue to buy, import, and sell table wine.

ONS

mentation of Initiative 81, without modification, is assumed to result in a
ing of the total quantity of table wines sold in Montana from FY78 levels.
00 gallons of table wines will be sold annually by the state under the proposed

state's pricing policy on table wines sold through its liquor stores under the
sed law will be established so that:

-) the average markup percentage will not be less than the FY78 level, and
-) the net revenue per gallon received by the state will not exceed the FY78 level.

total quantity of table wines sold in Montana may or may not be affected by
ion of the proposed law.

total number of state liquor stores, and of liquor division FTE s, will remain at
nt levels throughout the 80-81 biennium, regardless of whether the proposed law
e present law (including Initiative 81) obtains.

IMPACT

	FY80	FY81
ne Tax		
e current law	\$ 1,172,900	\$ 1,172,900
e proposed law	1,172,900-1,289,900	1,172,900-1,289,900
ated Increase	0-117,000	0-117,000

fits From Table Wine Sales

	0	0
e present law	0	0
e proposed law	469,500-676,600	469,500-676,600
ated Increase	469,500-676,600	469,500-676,600

EV 306

	1,172,900	1,172,900
e current law	1,172,900	1,172,900
e proposed law	1,642,400-1,966,500	1,642,400-1,966,500
ated Increase	\$ 469,500-793,600	\$ 469,500-793,600

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

imated increase in revenue will accrue to the
General Fund.

STATE OF MONTANA

REQUEST NO. 18-79

FISCAL NOTE

Form RD 15

In compliance with a written request received January 16, 1979, there is hereby submitted a Fiscal Note for Senate Bill 99 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

Page 2

AFFECT ON LOCAL GOVERNMENTS

No local impact.

Note: Initiative 81 provided for a 75¢/gallon tax on table wines, and specified that this tax "...shall be the only tax imposed by the state or any of its subdivisions, including cities and towns...". Before Initiative 81, the state imposed a 10% license tax and a 16% excise tax on the retail selling price of wine. Two-thirds of the 10% license tax was distributed to local governments. Under either Initiative 81 in its present form, or as amended by the proposed law, local governments will receive no portion of the wine tax.

TECHNICAL NOTE

Section 5 of the bill contains a provision which poses considerable administrative difficulty, in its stipulation that wine tax revenue be handled in a separate and particular manner.

Note: Before Initiative 81, the state imposed a 10% license tax and a 16% excise tax on the retail selling price of wine. The 10% license tax was allocated among various units of local government units, and to the state alcoholism treatment program. The 16% excise tax was distributed to the state general fund. Under Initiative 81, both in its present form or as it has been proposed to be amended by this bill, all of the proceeds from the wine tax will go to the general fund.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Drury
BUDGET DIRECTOR
Office of Budget and Program Planning
Date: 1/21/79

Note: The copy of the proposed legislation must be returned to the Budget Director with the completed worksheets.

11-26-79
J. J. Winkler
01/19/79

TO: Revenue
Agency or Unit

A Fiscal Note estimate and statement are requested for:

S.B. 99
H.B. _____

Amended S.B. _____
Amended H.B. _____
Date of Amendment _____

S.J.R. _____
H.J.R. _____

Estimated Effect on Revenue and/or Expenditures	Fiscal Year 1980			Fiscal Year 1981		
	Estimated Amount Under Current Law	Estimated Amount Under Proposed Law	Estimated Increase (Decrease)	Estimated Amount Under Current Law	Estimated Amount Under Proposed Law	Estimated Increase (Decrease)
A. Effect on Revenue By Source: (List in Detail)						
TIRE WHIE TAX	1172900	1172900-1287700	0 - 117000	1172900	1172900-1287700	0 - 117000
T PROFITS FROM TALE WHIE SALES	0	469500-676600	469500-676600	0	469500-676600	469500-676600
TOTAL REVENUE	1172900	1642400-1966500	469500-793600	1172900	1642400-1966500	469500-793600
B. Effect on Expenditures by Category:						
Personal Services						
Operating Expenses						
Capital Outlay						
Local Assistance, Grants						
Benefits & Claims						
TOTAL EXPENDITURES			no effect			no effect
NET EFFECT (A less B)						
C. Fund Information:						
General Fund	1172900	1642400-1966500	469500-793600	1172900	1642400-1966500	469500-793600
Other (describe)						

FISCAL NOTE WORKSHEET

Form BD-14

(Office of Budget and Program Planning Use Only)

II. ASSUMPTIONS USED IN OBTAINING ESTIMATES: (Please list clearly and in detail; use extra sheets if necessary)

List assumptions made during preparation of the fiscal note. If certain costs associated with the proposed legislation can be absorbed without additional funds, indicate this as an assumption. If no dollar estimates have been presented, list reasons in this space.

- Implementation of Initiative 81, without modifications, is assumed to result in a doubling of the total quantity of table wines sold in Montana from FY78 ^{level}.
- 156,000 gallons of table wines will be sold by the state under the proposed law.
- The state's pricing policy on table wines sold through its liquor stores under the proposed law will be established so that: (i) the average markup percentage will not be less than the FY78 level, and (ii) the net revenue per gallon received by the state will not exceed the FY78 level.
- The total quantity of table wines sold in Montana may or may not be affected by adoption of the proposed law.
- The total number of state liquor stores, and of liquor Division FTE's, will remain at present levels throughout the 80-81 biennium, regardless of whether the proposed law or the present law (including Initiative 81) obtains.

I. DERIVATION OF ESTIMATES:

Now basic calculations or provide a brief description of the techniques used to obtain estimates; also, cite sources of the data used for projections.

Ass that the total quantity of table wines sold in Montana is unaffected by adoption of the proposed law =

	Min. Markup to State	Max. Markup to State
to markup on table wines	469,500	676,600
to wine tax rec'd. from state sales	117,000	117,000
revenue from state sales	586,500	793,600
wine tax rec'd. from private sales	1,055,900	1,055,900

Ass that the total quantity of table wines sold in Montana is increased by 156,000 gallons under the proposed law =

	Min Markup to State	Max. Markup to State
markup on table wines	469,500	676,600
wine tax rec'd. from state sales	117,000	117,000
revenue from state sales	586,500	793,600
wine tax rec'd. from private sales	1,172,900	1,172,900

IV. AFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:
Provide an estimate of the local impact.

its local impact.

Note: Initiative 81 provided for a 75¢/gallon tax on table wines, and specified that this tax "shall be the only tax imposed by the state or any of its subdivisions, including cities and towns...". Before Initiative 81, the state imposed a 10% license tax and a 16% excise tax on the retail selling price of wine. Two-thirds of the 10% license tax was distributed to local governments. Under either Initiative 81 in its present form, or as amended by the proposed law, local governments will receive no portion of the wine tax.

V. LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Use this space to describe any potentially significant effects the proposed legislation might have on expenditures and/or revenues for fiscal years subsequent to FY 1981; give quantitative estimates whenever possible.

VI. TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

Explain. Section 5 of the bill contains a provision which poses considerable administrative difficulty, in its stipulation that wine tax revenue be handled in a separate and particular manner.

Note: Before Initiative 81, the state imposed a 10% license tax and a 16% excise tax on the retail selling price of wine. The 10% license tax was allocated among various units of local government units, and to the state alcoholism treatment program. The 16% excise tax was distributed to the state general fund. Under Initiative 81, both in its present form or as it has been proposed to be amended by this bill, all of the proceeds from the wine tax will go to the general fund.

Agency Representative who Prepared Estimates:

TOM WINN
(Name)

Chief, Research Bureau 2981
(Title) (Phone No)
1/18/79
(Date)

Received _____
Analyzed by _____
Fiscal Note by _____
Date _____

But Initiative 81 backers claim state won't lose money

Wine drinkers may need bigger capacity

By THOMAS KOTYNSKI
Tribune Capitol Bureau

HELENA — A Department of Revenue analysis says that wine consumption in Montana will have to increase 573 percent to maintain current state revenues if an initiative to make table wines available in grocery stores passes.

Backers of Initiative 81, a group known as Montanans Who Like Wine, have claimed that state tax revenues should remain about the same or increase, expecting that Montana wine sales increase 400 percent if the initiative passes.

Assuming the 400 percent increase in consumption, the analysis says, the state would still lose \$1 million in revenue.

If wine sales remain the same as they have in the immediate past year, the analysis said, the state would lose \$3.4 million. If sales doubled, the loss would be \$2.8 million, the analysis said.

The state reaps its revenues for the sale of wines on a complicated formula which takes into account shipping and an administrative markup

figure which varies from 40 to 82 percent of that formula and then 26 percent on top of that in the form of an excise tax.

Initiative 81 would eliminate such a markup and tax and replace it with a simple 75 cents a gallon tax.

The analysis says that if sales remained the same as last year the per gallon tax to make up for the lost revenue would have to be \$5.09 per gallon, instead.

In the past year 781,940 gallons of table and sparkling wines were sold in Montana generating \$1.6 million in taxes and \$2.3 million in markup for Montana.

A spokesman for Montanans Who Like Wine said that the department's analysis ignores other considerable revenues which would come into play if the initiative is passed by voters in November.

For one thing, he said, the initiative will switch sales of table wines from the state liquor monopoly to private distributors, and as a result jobs will be created, which result in more state income tax revenues for the state (he estimated that at a half a job per the 600 grocery stores in the state will result in 200 new jobs); there will be more property tax revenues as stores and distributors

gear up to handle the wine, because distributors will build, stores will make room for the addition and a distribution network will have to be put into place and will buy equipment to haul the wine.

"The potential for tax loss is balanced by tax revenues from other sources which will be increased by the initiative," he said.

The spokesman said that in states which have decontrolled wine have never lost money.

He cited the state of Maine which decontrolled in 1971 and since then has topped the 1970 wine sales level by between 441 percent and 718 percent.

In Idaho, which decontrolled in 1972, the sustained increase over 1970 sales ranged from 430 to 418 percent and as high as 518 percent.

"It is not unrealistic to show that the popularity of wine increases with decontrol on a percentage basis high enough to compensate for tax losses," the spokesman said.

If 75 cents per gallon is not feasible to cover the lost revenue, the 1979 Legislature can change the amount of tax, the spokesman said.

Backers of the initiative say that its passage will result in a better selection of wines which are more avail-

able and less expensive than under the current state monopoly.

A proposal to decontrol wines failed during the 1977 Legislature as a result of a strange coalition of the teetotaling churches and tavern owners. The churches didn't want to see wine become more available. The tavern owners were out to protect their interests: to have people purchase the wine from them instead of in grocery stores.

The so called Table Wine Bill would allow sales of wine of 14 percent or less alcoholic content in groceries and licensed pharmacies for off premise consumption.

Bridge bill \$25 billion

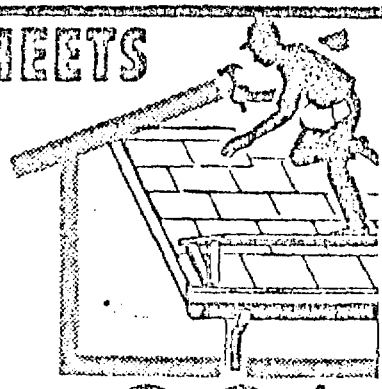
WASHINGTON (AP) — It would cost an estimated \$25 billion in 1978 dollars to repair or replace deficient bridges across the country, the National Association of Counties said Monday. The federal government has estimated that \$12.5 billion is necessary for replacement of some 33,000 bridges on roads and highways that receive federal aid.

The
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y and formerly of
t Huntsville, Ala.
lea beauty contest
the amount she
The winner also
in the world pag-
ais month.

deceptively inaccurate'

against wine

HELENA (AP) — Officials of the Montana Department of Revenue are deceptively inaccurate in computing the economic impact of Initiative 81, says a spokesman for the consumer group supporting the table wine initiative.

"By intentionally ignoring certain current expense items and by also ignoring certain new income areas, the state is presenting a distorted view of the financial impact of this initiative," said Len Eckel of Helena.

In a prepared statement Monday, the president of Montanans Who Like Wine PAC said there is no question the real winners will be Montana consumers and taxpayers if the initiative is passed.

"The state consistently omits from its figuring the savings that would occur to the state from the private handling of wine," he said. "Savings would be seen in warehousing, capital equipment, depreciation and inventory. Yet the state chooses to ignore these savings. We can only imagine the reason is self-serving."

Eckel also charged that state government has not recognized income from new sources that would be

opened under Initiative 81. "Substantial new state income will be seen from license fees, income taxes from new private employees in grocery stores, pharmacies, distributors and construction companies and new property taxes which will be generated on new construction, equipment and capital investment."

Eckel said the truth is there is every likelihood the state will never lose a dime from enactment of the measure and "may well in fact profit through new revenue and the increased efficiency of a private competitive system."

Tribune Capitol Bureau

HELENA — The historic enemy of wine in grocery stores legislation, the Montana Tavern Association, is fielding a political action committee to fight Initiative 81 known as the Responsible, Sensible Voting Parents (RSVP).

Initiative 81 will allow voters to decide whether to allow wine in grocery stores, legislation which has failed in past legislatures chiefly due to the opposition of the tavern owners.

Officers of the Responsible, Sensible Voting Parents are: Rich Miller of Helena's Buckhorn Bar, Billie McManus of Boulder's Windsor Bar and Marie Durkee, executive secretary of the Montana Tavern Association.

Don Larson, chairman of the tavern association, said the political action committee was called Responsible, Sensible Voting Parents, "because we are."

He said that among the reasons the group opposes the initiative are:

- Passage would require a reporting system which would cause an increase in the state's bureaucracy;

- The state would lose \$3.5 million in revenue by lost markups and taxes because the state liquor monopoly would lose control of wine;

- Availability of wine would increase to youth as well as adults ad-

ding to loss of control over wine;

- Many state liquor stores would have to close resulting in loss of jobs.

Larson said his group also supports a constitutional amendment which would raise the legal drinking age to 19 years of age.

Better selection, lower prices from wine initiative approval

By DAVID CONLEY
IR Staff Writer

The stock at the state liquor warehouse will be reduced by one-third and consumers will have a wider selection of wines — initially at a lower price — as a result of Tuesday's passage of Initiative 81.

Revenue Department Director Laurie Lewis and research chief Tom Wynn agreed today on that assessment of the impact of the approval of table wine sales in grocery and drug stores.

They also said it would decrease state income by \$5.6 million in taxes and revenues during the next two years.

"There will probably be a wider selection of cheaper wines at prices marginally lower than those in the state liquor stores," Wynn said.

"But I think after the dust settles and markets are established, the prices could begin to drift upwards," he added.

THE INITIATIVE will allow licensed retailers to purchase table wine — under 14 percent alcoholic content — from any licensed distributor.

The wine will be handled similar to the present system of beer distribution. In July, grocery stores and drug stores will be allowed to obtain retail licenses for the sale of table wine.

Roger Tippy, executive secretary of the Montana Beer Wholesalers Association, said he finds it difficult to predict the effect of the initiative.

"A similar measure was passed in Idaho and Washington in the early '70s and they found that more wine was sold. But I just don't know yet what the effect will be in Montana."

Tippy said if beer distributors do choose to go into the wine industry, they would have to learn the ropes of a much different industry.

"I THINK SOME BEER distributors will get into it and maybe even soft drink distributors and some new to distribution all together."

Larry Rosin, owner of Rosin Distributing, said he has been studying the practicality of distributing wine. "One thing I am sure of, the public will soon have a much wider choice in selection of wines."

Lewis said based on the new 75 cent per gallon tax on wine as stated in the initiative, the state will lose \$3.5 million in annual revenues.

"We agree there will be a volume increase, but to keep up with previous revenues, consumption would have to increase 578 percent."

A total of 762,000 gallons was sold last year. At 75 cents per gallon tax, four and a half million gallons will have to be sold to obtain the same revenue.

ALTERNATIVELY, if the same volume were sold, the tax would have to be \$5.25 per gallon.

"Even assuming consumption doubled, the tax would have to be \$2.63."

Present profits are attained through a tax totaling 21 percent of the cost of a case of wine. Wynn said retail mark-ups range from 40 to 82 percent.

Wynn said the tax proceeds go to the Department of Institutions Alcohol and Drug rehabilitation section, to county and local governments and to general state funds.

Lewis said the passage of the measure would not reduce the present fixed costs of handling the wine. Virtually the same number of personnel will be needed to operate the state liquor stores and the liquor warehouse.

"I'm not sure the fringe expenses will save that much."

Wynn said the warehouse space vacated by the table wines will be filled by a broader variety of fortified wines.

Report of Contributions and Expenditures

TO THE STATE OF MONTANA

COMMISSIONER OF CAMPAIGN FINANCES AND PRACTICES

P.O. BOX 39 — CAPITOL STATION

HELENA, MONTANA 59601

PHONE: 406-449-2942

TO BE FILED BY

CANDIDATES AND
POLITICAL COMMITTEES

FILING FORM

C-5

Rev. 4/78

THIS SPACE FOR OFFICE USE

Number

Date Received

Instructions (Type or Print Clearly)

ADDRESS OF CANDIDATE OR COMMITTEE

Persons Who Like Wine
Political Action Committee3
Mt. 59601COMMISSIONER OF CAMPAIGN
FINANCES AND PRACTICES
Reporting Period

From 3/6/78

To 9/5/78

Check Appropriate Block

☒ Initial Report☐ Periodic Report☐ Closing Report

CONTRIBUTIONS RECEIVED

A. Receipts — Cash and In-Kind		NATURE AND DATE*	IN-KIND VALUE	CASH AMOUNT
		of each receipt this period		
CANDIDATE'S PERSONAL FUNDS				
Date received from candidate				\$ -0-
CONTRIBUTIONS — NOT ITEMIZED BELOW		Cash contributions		\$ -0-
(received from persons who contributed under \$25 this period)		In Kind contributions		\$ -0-
DONOR CONTRIBUTIONS				
and mailing address	Occupation ✓	Donation		250.00
J. Anderson	Principal place of business ✓			
ank, Mt. 59427				
received from Contributor				\$ 250.00 ✓
and mailing address	Occupation ✓	Donation		75.00
Bensley	Principal place of business ✓			
South				
Falls, Mt.				
received from Contributor				\$ 75.00 ✓
and mailing address	Occupation	Donation		40.00
d Cerino	Phys. Therapist			
orth Ave. East	Principal place of business ✓			
la, Mt. 59801				
received from Contributor				\$ 40.00 ✓
and mailing address	Occupation ✓	Donation		125.00
nton	Principal place of business ✓			
6th St South				
Falls, Mt. 59401				
received from Contributor				\$ 125.00 ✓
and mailing address	Occupation	Donation		10.00
d W. Garrin	Laborer			
S. 9th West	Principal place of business ✓			
la, Mt. 59801				
received from Contributor				\$ 10.00 ✓
and mailing address	Occupation	Donation		150.00
	Grocer			



Schedule — Receipts
TO THE STATE OF MONTANA
COMMISSIONER OF CAMPAIGN
FINANCES AND PRACTICES

SEP 11

TO BE FILED BY

RECEIVED CANDIDATES AND
POLITICAL COMMITTEES

SEP 11 5 15 PM '78

FILING FORM
SCHEDULE A
TO FORM C-5
(Rev. 4-78)

COMMISSIONER OF CAMPAIGN
FINANCES AND PRACTICES

Attach This Schedule to Form C-5 (Type or Print Clearly)

NAME OF CANDIDATE OR COMMITTEE
Montanans Who Like Wine Political Action
Committee
Box 1035
Helena, Montana 59601

Reporting Period

From 3/6/78

To 9/5/78

SCHEDULE A. Itemized Contributions (cont.)

NATURE AND DATE*

IN-KIND
VALUE

CASH
AMOUNT

of each receipt this period

Full Name and mailing address D.L. Jensen 20240 Leland Sonora, California 95370	Occupation Retired Principal place of business	Donation		\$400.00
Total-to-date received from Contributor				\$ 400.00 ✓
Full Name and mailing address Doug Kohlbeck So. Blanchard Lake Rd. Whitefish, Mt. 59937	Occupation Grocer Principal place of business ✓	Donation		150.00
Total-to-date received from Contributor				\$ 150.00 ✓
Full Name and mailing address W. Larry Olson 2418 Nina Clare Rd Billings, Mt. 59102	Occupation Civil Engineer Principal place of business ✓	Donation		150.00 60.00
Total-to-date received from Contributor				\$ 60.00 ✓
Full Name and mailing address Donald K. Roberts 123 Clark Billings, Mt. 59101	Occupation Principal place of business ✓	Donation		150.00
Total-to-date received from Contributor				\$ 150.00 ✓
Full Name and mailing address Charles Shepard Florence, Mt. 59833	Occupation Trucker Principal place of business ✓	Donation		100.00
Total-to-date received from Contributor				\$ 100.00 ✓
Full Name and mailing address G. Todd Baugh 2441 Teton Billings, Mt. 59102	Occupation Principal place of business ✓	Donation		75.00
Total-to-date received from Contributor				\$ 75.00 ✓

TOTAL THIS PERIOD
(Last page only)

\$ 1,185.00

or loans, unexpended contributions, and transfer-in
receipts are received in the description

Itemized Contributions (cont.)		NATURE AND DATE*	IN-KIND VALUE of each receipt this period	CASH AMOUNT
mailing address Bennett Box Farm Road Falls, Mt	Occupation Retired Principal place of business	Donation		100.00
received from Contributor	\$ 100.00 ✓			
mailing address H. Huard Gregory Dr. Falls, Mt 59102	Occupation ✓ Principal place of business ✓	Donation		150.00
received from Contributor	\$ 150.00 ✓			
mailing address L. Matteucci Carmel Falls, Mt. 59404	Occupation ✓ Principal place of business Super Save Drugs	Donation		500.00
received from Contributor	\$ 500.00 ✓			
mailing address Noble Liverview Dr. Falls, Mt	Occupation Owner Principal place of business Jerry Noble Tires 212 Central Ave W Falls, Mt	Donation		100.00
received from Contributor	\$ 100.00 ✓			
mailing address Matteucci 10th St. So. Falls, Mt.	Occupation ✓ Principal place of business Super Save Drugs	Donation		500.00
received from Contributor	\$ 500.00 ✓			
mailing address Wise Cemetery Rd Falls, Mt. 59901	Occupation Grocer Principal place of business Syke's Groc. 2d St. & 2d Ave W.	Donation		200.00
received from Contributor	\$ 200.00 ✓			
mailing address C. Reber West First St Falls, Mt. 59501	Occupation Owner Principal place of business Montgomery Wards	Donation		500.00
received from Contributor	\$ 500.00 ✓			
mailing address Evans N. Higgins Falls, Mt	Occupation Grocer Principal place of business Wardens Market	7/10/78 Barmarked via Montana Food Distributors PAC Falls - In		500.00
received from Contributor	\$ 500.00 ✓			
mailing address Troutman Falls, Mt.	Occupation Grocer Principal place of business	7/10/78 Barmarked via Montana Food		500.00



Schedule — Receipts

TO THE STATE OF MONTANA
COMMISSIONER OF CAMPAIGN
FINANCES AND PRACTICES

TO BE FILED BY

RECEIVED
CANDIDATES AND
HELP POLITICAL COMMITTEES

FILING FORM

SCHEDULE A

TO FORM C-5
(Rev. 4/78)

SEP 11 5 18 PM '78

COMMISSIONER OF CAMPAIGN
FINANCES AND PRACTICES

Attach This Schedule to Form C-5 (Type or Print Clearly)

NAME OF CANDIDATE OR COMMITTEE

Montanans Who Like Wine Political Action
Committee
Box 1053
Helena, Montana 59601

Reporting Period

From 3/6/78

To 9/5/78

SCHEDULE A. Itemized Contributions (cont.)

NATURE AND DATE*

of each

IN-KIND
VALUE

receipt this

CASH
AMOUNT
period

Full Name and mailing address

Allen J. Anderson
Cut Bank, Montana
59427

Occupation ✓

Principal place of business ✓

Donation

250.00

Total-to-date received from Contributor

\$ 250.00 ✓

Full Name and mailing address

Fred E. Backus
737 E. Morse
Dillion, Mt. 59725

Occupation

Businessman

Principal place of business ✓

Donation

500.00

Total-to-date received from Contributor

\$ 500.00 ✓

Full Name and mailing address

Gary G. Broeder
2027 Green Terrace Dr.
Billings, Mt. 59102

Occupation

Attorney

Principal place of business

Donation

100.00

Total-to-date received from Contributor

\$ 100.00 ✓

Full Name and mailing address

Frank Capps
8982 Jackpine Dr.
Helena, Mt 59601

Occupation

Store Manager

Principal place of business

Super Save

Donation

200.00

Total-to-date received from Contributor

\$ 200.00 ✓

Full Name and mailing address

Eugene Croghan
1201 Park Garden Rd.
Great Falls Montana

Occupation

Rancher

Principal place of business

Donation

120.00

Total-to-date received from Contributor

\$ 120.00 ✓

Full Name and mailing address

Don Gillie
4018 So. Rose Dr.
Missoula, Mt.

Occupation

Truck Dispatcher

Principal place of business ✓

Donation

100.00

Total-to-date received from Contributor

\$ 100.00 ✓

TOTAL THIS PERIOD
(last page only)

\$ 1,270.00

For loans, earmarked contributions, and transfer-in
include date received in the description

A. Itemized Contributions (cont.)		DATE RECEIVED	NATURE AND DATE	IN KIND VALUE	CASH AMOUNT
mailing address		Occupation	of each receipt this period		
Haworth Wilfield Ave y, Mt. 59474		Mgr Vendor Principal place of business	Donation		100.00
received from Contributor		▶ \$ 100.00 ✓			
d mailing address		Occupation			
Hollandsworth y, Mt. 59416		Farmer Principal place of business	Donation		100.00
received from Contributor		▶ \$ 100.00 ✓			
nd mailing address		Occupation ✓			
E. Jensen 2 Lillis Lane lings, Mt. 59102		Principal place of business ✓	Donation		125.00
e received from Contributor		▶ \$ 125.00 ✓			
and mailing address		Occupation			
ald Johnson 9 Alder Dr Falls, Mt.		Grocer Principal place of business Kwikpik	Donation		325.00 350.00
ate received from Contributor		▶ \$ 675.00 ✓			
and mailing address		Occupation			
, Donald R. Joyner #4 South x 248B eat Falls, Mt.		Medical Doctor Principal place of business	Donation		100.00
date received from Contributor		▶ \$ 100.00 ✓			
ie and mailing address		Occupation			
s Charlene Keller 306 Mariposa llings, Mt. 59102		Principal place of business Keller Enterprises	Donation		1000.00
date received from Contributor		▶ \$ 1000.00 ✓			
me and mailing address		Occupation ✓			
utumn Kirtley 18 Wilder elena, Mt. 59601		Principal place of business ✓	Donation		400.00
o-date received from Contributor		▶ \$ 400.00			
ame and mailing address		Occupation			
George Kreig 2622 Duncan Dr. Missoula, Mt. 59801		Businessman Principal place of business	Donation		50.00
o-date received from Contributor		▶ \$ 50.00 ✓			
ame and mailing address		Occupation			
Shirley Lennon 333 Riverview Southwest Mt.		Housewife Principal place of business	Donation		25.00



Schedule — Receipts
TO THE STATE OF MONTANA
COMMISSIONER OF CAMPAIGN FINANCES AND PRACTICES

TO BE FILED BY

CANDIDATES AND
POLITICAL COMMITTEES

FILING FORM
SCHEDULE
TO FORM C-5
(Rev. 4-78)

SEP 11 5 14 PM '78

Attach This Schedule to Form C-5 (Type or Print Clearly)

CAMPAIGN
FINANCES AND PRACTICES

NAME OF CANDIDATE OR COMMITTEE

Montanans Who Like Wine Political Action
Committee

Box 1053
Helena, Mt. 59601

Reporting Period

From 3/6/78

To 9/5/78

SCHEDULE A. Itemized Contributions (cont.)

NATURE AND DATE

IN KIND
VALUE

CASH
AMOUNT

of each receipt this period

Full Name and mailing address

Harvey Lothian
2746 Dawn Dr.
Great Falls, Mt.

Occupation

Transport

Principal place of business ✓

Donation

80.00

Total-to-date received from Contributor

\$ 80.00 ✓

Full Name and mailing address

Craig D. Martinson
2218 Green Terrace Dr.
Billings, Mt. 59102

Occupation ✓

Principal place of business ✓

Donation

75.00

Total-to-date received from Contributor

\$ 75.00 ✓

Name and mailing address

Chuck Mereness
5100 Warren #43
Butte, Mt. 59701

Occupation

Grocer

Principal place of business ✓

Donation

400.00

Total-to-date received from Contributor

\$ 400.00 ✓

Full Name and mailing address

Jerald Metcalf
201 Vawter St.
Helena, Mt. 59601

Occupation

Principal place of business

Donation

10.00

Total-to-date received from Contributor

\$ 10.00 ✓

Full Name and mailing address

Diane Morrison
3609 Central Ave.
Gt. Falls, Mt.

Occupation

Housewife

Principal place of business

Donation

75.00

Total-to-date received from Contributor

\$ 75.00 ✓

Full Name and mailing address

Eric Myhre
1837 Beech Dr.
Great Falls, Mt.

Occupation

Advertising

Principal place of business ✓

Donation

150.00

Total-to-date received from Contributor

\$ 150.00 ✓

TOTAL THIS PERIOD

(Last page only)

Itemized Contributions (cont.)		NATURE AND DATE of each receipt this period	IN KIND VALUE	CASH AMOUNT
mailing address Noble ch Dr. lls, Mt.	Occupation Grocer Principal place of business Noble's Foodland	Donation		300.00
received from Contributor ▶ \$ 300.00 ✓				
mailing address P. Noble tral Ave. W. alls, Mt.	Occupation Grocer Principal place of business Noble's Foodland	Donation		300.00
received from Contributor ▶ \$ 300.00 ✓				
mailing address Nordstag is Lane s, Mt. 59102	Occupation Oil Broker Principal place of business	Donation		125.00
received from Contributor ▶ \$ 125.00 ✓				
mailing address Parks , Mt. 59425	Occupation Manager Principal place of business Drug Fair	Donation		100.00
received from Contributor ▶ \$ 100.00 ✓				
mailing address ettigrew ill y, Mt 59474	Occupation C.P.A. Principal place of business	Donation		100.00
received from Contributor ▶ \$ 100.00 ✓				
mailing address A. Veeder Fairway Dr. ings, Mt. 59102	Occupation Attorney Principal place of business	Donation		150.00
received from Contributor ▶ \$ 150.00 ✓				
mailing address Whipple. 19th Ave. So. t Falls, Mt. 59405	Occupation Retail Sales Principal place of business Hatches Great Falls, Mt.	Donation Donation		125.00 300.00
received from Contributor ▶ \$ 425.00 ✓				
mailing address id Williams 5 19th Ave. S.W. at Falls, Mt.	Occupation Grocer Principal place of business	Donation		100.00
received from Contributor ▶ \$ 100.00 ✓				
mailing address oger E. Walter 2000 General	Occupation Insurance Sales Principal place of business	Donation		250.00



Schedule — Receipts

TO THE STATE OF MONTANA
COMMISSIONER OF CAMPAIGN
FINANCES AND PRACTICES

TO BE FILED BY

CANDIDATES AND
POLITICAL COMMITTEESFILING FORM
SCHEDULE A
TO FORM C-5
(Rev. 4/75)

SEP 11 5 18 PM '78

(This Schedule to Form C-5 (Type or Print Clearly))

CAMPAIGN
FINANCES AND PRACTICES

OF CANDIDATE OR COMMITTEE

Montanans Who Like Wine Political Action
Committee

Box 1053

Helena, Mt. 59601

Reporting Period

From 3/6/78

To 9/5/78

SCHEDULE A. Itemized Contributions (cont.)

NATURE AND DATE*

of each receipt this

IN-KIND
VALUECASH
AMOUNT

Name and mailing address

Montana Magazine
1611 Cedar
Helena, Mt. 59601

Occupation

Principal place of business

Reimbursement of
excess postage
pd for on their
meter-see Post-
master for expns

103.50

Total-to-date received from Contributor \$ 103.50

Name and mailing address

Occupation

Principal place of business

Total-to-date received from Contributor \$

Name and mailing address

Occupation

Principal place of business

Total-to-date received from Contributor \$

Name and mailing address

Occupation

Principal place of business

Total-to-date received from Contributor \$

Name and mailing address

Occupation

Principal place of business

Total-to-date received from Contributor \$

Name and mailing address

Occupation

Principal place of business

Total-to-date received from Contributor \$

TOTAL THIS PERIOD
(last page only)

\$ 103.50

For loans, earmarked contributions, and transfer-in
include data received in the description.

Report of Contributions and Expenditures

TO THE STATE OF MONTANA

COMMISSIONER OF CAMPAIGN
FINANCES AND PRACTICES

P.O. BOX 39 — CAPITOL STATION

HELENA, MONTANA 59601

PHONE: 406-449-2942

Instructions: (Type or Print Clearly)

NAME OF CANDIDATE OR COMMITTEE

Who Like Wine, PAC

353

59601

Reporting Period

From September 6, 1978

to October 18, 1978

TO BE FILED BY

CANDIDATES AND
POLITICAL COMMITTEES

FILING FORM

C-5

Rev. 4/78

THIS SPACE FOR OFFICE USE

Number

Date Received

Check Appropriate Block

☐ Initial Report☒ Periodic Report # /☐ Closing Report

CONTRIBUTIONS RECEIVED

A. Receipts — Cash and In-Kind

NATURE AND DATE*

IN-KIND
VALUECASH
AMOUNT

of each receipt this period

CANDIDATE'S PERSONAL FUNDS

Total received from candidate \$

CONTRIBUTIONS — NOT ITEMIZED BELOW

Total received from persons who contributed under \$25 this period)

Cash contributions \$

In-Kind contributions \$

CONTRIBUTORS

Name and mailing address

Occupation

Anderson

Banker

Principal place of business

Helena, MT 59715

Total received from Contributor \$ 5.00 ✓

Donation

5.00

Name and mailing address

Occupation

E. G. Arnot

Businessman

Principal place of business

86

Helena, MT 59425

Arnot's Furniture

Total received from Contributor \$ 25.00 ✓

"

25.00

Name and mailing address

Occupation

E. Backus

Businessman

Principal place of business

E. Morse

Helena, MT 59725

Mik's Texaco

Total received from Contributor \$ 1,000.00 ✓

"

500.00

Name and mailing address

Occupation

W. C. Barnett

Principal place of business

309

Lodge, MT 59063

Total received from Contributor \$ 10.00 ✓

"

10.00

Name and mailing address

Occupation

Doctor

Principal place of business

D. Bloomstrom

MONTHLY STORE SALES & INVENTORY

MONTH ENDING 10/31/70

STORE NO. 41 EKLAKA

STOCK NO.	RECEIPTS & TRANSFERS	APPLIC FOR CREDIT	SALES THIS MONTH	NEW BALANCE	DATE LAST SALE	SALES LAST MONTH	SALES RETAIL AMOUNT
5710	0	0	1	3	10 8	0	5.95
5720	0	0	0	1	9 8	1	0.00
5750	0	0	1	14	10 8	0	4.00
5760	12	0	5	42	10 8	1	23.00
5770	0	0	1	19	10 8	0	4.00
5780	0	0	2	12	10 8	0	12.10
5790	38	0	10	35	10 8	4	78.50
5890	12	0	1	17	10 8	1	4.40
5900	0	0	3	16	10 8	0	27.05
5930	60	0	72	36	10 8	2	316.00
6020	0	0	0	2	10 8	0	8.25
6030	0	0	0	1	9 8	2	0.00
6070	0	0	0	13	5 8	0	0.00
6090	0	0	0	4	10 8	0	12.75
6100	0	0	0	20	9 8	2	0.00
6110	0	0	2	15	10 8	2	5.20
6120	0	0	0	17	9 8	2	0.00
6126	0	0	2	2	10 8	14	22.40
6128	0	0	1	4	10 8	1	4.15
6130	0	0	0	5	9 8	1	0.00
6450	0	0	0	16	8 8	0	0.00
6451	0	0	7	9	10 8	5	24.15
6470	0	0	0	7	10 8	0	17.00
6550	0	0	0	1	3 8	0	0.00
6640	0	0	0	1	6 8	0	0.00
6650	0	0	0	1	10 8	1	2.40
6690	0	0	0	11	4 8	0	0.00
6760	0	0	4	30	10 8	0	7.80
6810	0	0	0	5	4 8	0	0.00
6890	0	0	0	2	10 8	0	9.50
6900	0	0	0	2	6 8	0	0.00
7170	0	0	0	11	10 8	0	0.00
7240	0	0	0	13	3 8	0	0.00
7250	12	0	0	15	8 8	0	3.70
7450	0	0	0	13	9 8	1	0.00
7650	0	0	0	12	8 8	0	0.00
8060	12	0	1	11	10 8	0	1.75
8161	0	0	0	8	10 8	0	0.00
8110	0	0	3	15	10 8	2	8.40
8110	0	0	0	6	10 8	0	20.00
8120	0	0	1	11	10 8	0	4.70
8120	0	0	0	8	7 8	0	0.00
8160	0	0	1	10	10 8	1	1.50
8160	0	0	0	21	9 8	2	0.00
8190	24	0	6	49	10 8	0	9.00
9210	0	0	17	11	10 8	2	27.20
9220	0	0	2	41	10 8	2	3.20

OLD MR. BOSTON PEPPERHAWK COUNTRY

LANCERS VIN. ROSE

GALLO. RHINE COUNTRY

CHRISTIAN BROTHERS NAPA ROSE

GALLO HEARTY BURGUNDY

PIUNITE LAMPUSCO RED

ALMADEN CRENACHE ROSE

VUNYA ROSE

GALLO CHIANTI OF CAL

GALLO CHIANTI OF CAL

GALLO PINO VIN. ROSE

CHRISTIAN BROTHERS SAUTERNE

FRANZIA IMPORTED RUBY CHARDIS

PAUL MASSON CHARDIS

PAUL MASSON FRENCH DRY

GALLO PINK CHARDIS OF CAL

CHRISTIAN BROTHERS CAR. SAUVIGNON

TAYLOR LAKE COUNTRY RED

ITALIAN SWISS COLONY RHINEFELDER

PAUL MASSON PINOT NOIR

ALMADEN PINO NEU VIN. ROSE

BENNI LIEBFRUMMEL

GALLO MADRA SANGRIA

GALLO. AMERICAN RED HEAT

CHRISTIAN BROTHERS GOLDEN SHERRY

TAYLOR CREAM SHERRY

TAYLOR STEERING CUT

TAYLOR PINK CATAWBA

GREAT WESTERN PINK CATAWBA

GREAT WESTERN PINK CATAWBA

MATEUS ROSE WINE

MATEUS ROSE WINE

BOONIE FARM SIXHILL HILL

BOONIE FARM COUNTRY KWEN

BOONIE FARM WILD. PINO

ANNIE GREEN SPRING CHERRY COUNTRY

ANNIE GREEN SPRING COUNTRY BERRY

MONTHLY STORE SALES & INVENTORY

4TH ENDING 10/31/79

STORE NO. 41 ENCLOSURE

CHK NO.	RECEIPTS & TRANSFERS	APPLIC FOR CREDIT	SALES THIS MONTH	NON BALANCE	DATE LAST SALE	SALES LAST MONTH	SALES RETAIL CASH/STK
250	36	0	3-	137	10 8	19	4. 50- ANNIE GREEN SPRINGS APRICOT SPLASH
250	60	0	52	82	10 8	71	54. 50 ANNIE GREEN SPRINGS PEACH CREEK
300	0	0	0	10	7 8	0	. 00 MOGEN DAVID PINK CATAWBA
300	0	0	0	8	4 8	0	. 00 MOGEN DAVID PINK CATAWBA
120	0	0	2	5	10 8	4	1. 70 MOGEN DAVID 20 20
160	12	0	1	16	10 8	1	1. 80 SILVERSATIN
410	0	0	7	13	10 8	6	11. 50 BALLO SPANADA
410	6	0	2	2	10 8	0	6. 50 BALLO SPANADA
420	0	0	2	11	10 8	2	1. 00 GOLD BEAR
430	0	0	2	10	10 8	1	1. 60 BLACK BEAR
410	36	0	11	55	10 8	72	155. 00 ANNIE GREEN SPRINGS PLUM HOLLOW
470	0	0	3	18	10 8	2	2. 85 FRANZA IMPORTED PINK CHAMPAGNE
430	0	0	9	0	10 8	4	27. 00 ANDRE GOLD DUCK
470	0	0	0	21	8 8	0	. 00 MOGEN DAVID RASABERRY
480	0	0	0	19	8 8	0	. 00 MOGEN DAVID BLACKBERRY
480	6	0	2	13	10 8	2	9. 50 MOGEN DAVID BLACKBERRY
470	0	0	0	24	9 8	1	. 00 MOGEN DAVID CHERRY
490	0	0	2	10	10 8	1	9. 50 MOGEN DAVID CHERRY
400	0	0	3	13	10 8	10	7. 50
400	6	0	3	12	10 8	2	14. 25
400	0	0	2	20	10 8	0	4. 60
170	0	0	1	17	10 8	1	2. 10
170	0	0	5	16	10 8	1	3. 25
430	12	0	5	11	10 8	1	16. 25
430	0	0	1	9	10 8	1	2. 45
400	0	0	2	24	10 8	2	2. 90
400	0	0	2	20	10 8	3	5. 30
400	43	0	54	24	10 8	54	270. 00 } LEONID AND CLARK VODKA
400	10	0	3	21	10 8	11	20. 50
470	0	0	3	2	10 8	1	15. 65
500	24	0	19	16	10 8	2	95. 00
500	12	0	5	26	10 8	6	47. 50
520	0	0	2	6	10 8	0	7. 90
530	6	0	2	2	10 8	0	. 00
540	0	0	0	13	9 8	1	. 00
500	0	0	1	25	10 8	2	10. 40
900	0	0	4	8	10 8	1	8. 20
910	0	0	1	23	10 8	2	4. 50
920	0	0	8	10	10 8	7	41. 20
950	0	0	0	70	8 8	0	. 00
950	0	0	0	18	8 8	0	. 00
970	0	0	0	13	9 8	0	. 00
980	0	0	8	36	9 8	6	. 00
700	0	0	0	1	0	0	. 00
820	0	0	0	1	0	0	. 00

MONTHLY STORE SALES & INVENTORY

MONTH ENDING 10/31/78

STORE NO. 82 LIMA

CHK NO.	RECEIPTS & TRANSFERS	APPLC FOR CREDIT	SALES THIS MONTH	NEW BALANCE	DATE LAST SALE	SALES LAST MONTH	SALES RETAIL AMOUNT
90H	0	0	18	19	10 8	19	257.40
130	0	0	0	1	7	0	0.00
130	48	0	20	77	10 8	32	143.00
150	72	0	12	71	10 8	34	92.40
50	0	0	1	2	10 8	0	9.55
130	24	0	11	17	10 8	22	91.80
150	0	0	1	7	10 8	0	8.35
170	0	0	0	11	2	1	0.00
40	0	0	2	14	10 8	1	19.30
40	0	0	0	12	9	0	0.00
40	10	0	1	20	10 8	52	55.00
40	12	0	0	6	10 8	0	54.60
02	0	0	0	8	9	3	5.00
60	0	0	0	21	10 8	1	5.30
10	0	0	0	14	10 8	1	4.75
70	0	0	0	23	6	0	0.00
30	0	0	7	3	10 8	19	12.30
10	12	0	0	11	10 8	0	18.40
10	18	0	0	20	10 8	0	12.00
10	18	0	50	34	10 8	10	312.50
04	0	0	15	31	10 8	6	207.78
04	0	0	0	24	10 8	2	7.40
04	0	0	11	22	10 8	1	13.50
04	0	0	6	21	10 8	0	14.50
04	0	0	0	9	10 8	0	0.00
04	0	0	0	06	10 8	23	5.65
04	0	0	0	12	10 8	0	0.00
04	0	0	0	10	10 8	1	59.55
04	0	0	0	23	4	0	2.40
04	0	0	0	13	4	1	0.00
04	12	0	0	23	10 8	0	29.70
04	12	0	0	14	10 8	0	67.00
04	36	0	0	24	10 8	13	27.60
04	12	0	0	13	10 8	0	4.00
04	0	0	0	21	10 8	0	4.60
04	0	0	0	12	10 8	0	7.65
04	0	0	0	7	10 8	0	8.00
04	0	0	0	9	10 8	0	14.70
04	0	0	0	22	10 8	0	59.80
04	0	0	0	13	10 8	0	0.00
04	0	0	0	1	10 8	0	0.00
04	0	0	0	20	10 8	0	0.00
04	0	0	0	32	8	0	0.00

BLACK VELVET HALF GALLON

CHRISTIAN BROS. BUCKEYE

LACERS VIN ROSE
GALLO HEAVY BURGUNDY

MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

AUG 10 1979
OF MONTANA

February 1, 1979

The meeting of the Business and Industry Committee was called to order by Chairman Frank Hazelbaker on the above date in Room 404 of the State Capitol Building at 10:00 a.m.

ROLL CALL: All members were present except Senator Bill Lowe who was excused.

SENATE BILL 81: This bill is an act to provide for a 10-day rescission period on disability insurance policies issued by insurance companies and membership contracts issued by health service corporations: amending section 33-22-201, MCA.

Mr. Tom Harrison had submitted an amendment to the bill and our Staff Attorney, Bob Pyfer, checked the amendment.

Senator Dover moved the amendment be adopted. Senator Goodover seconded the motion.

DISPOSITION OF SENATE BILL 81: Senator Dover moved the bill DO PASS as amended. The bill was unanimously passed.

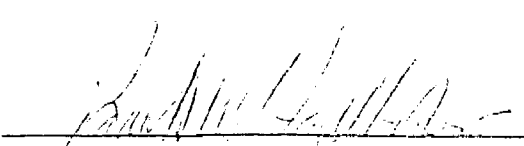
SENATE BILL 99: Senator Goodover stated this bill is an act to authorize the Department of Revenue to buy, import, and sell table wine: amending sections 1, 2, 3, and 5 of Initiative 81 and sections 16-1-302, 16-1-303, and 16-1-304, MCA.

There was a brief discussion of the bill.

Senator Goodover moved the bill Do Pass.

QUESTION: Roll Call Vote was taken. The Committee voted 6-4 that Senate Bill 99 DO NOT PASS. A Majority-Minority Report was taken.

ADJOURN: There being no further business, the meeting was adjourned at 10:30 a.m.


Sen. Frank Hazelbaker, Chairman

BUSINESS & INDUSTRY COMMITTEE

46TH LEGISLATIVE SESSION - - 1978

Date Feb. 1

[illegible]

STANDING COMMITTEE REPORT

February 1, 1979

MR. President:

We, your committee on Business and Industry

having had under consideration Senate Bill No. 99

Respectfully report as follows: That Senate Bill No. 99

~~DO NOT PASS~~ *3a*

SENATE COMMITTEE BUSINESS & INDUSTRYDate Feb 1, 1979 Bill No. 99 Time 10:25 a.m.

NAME	YES	NO
Pat M. Goodover, Vice Chairman	✓	
Chet Blaylock		✓
Harold Dover		✓
Tom Hager		✓
Allen Kolstad	✓	
Bill Lowe		✓
John Mehrens	✓	
Bob Peterson	✓	
Pat Regan		✓
Frank Hazelbaker, Chairman		✓

Margaret L. Nichols
Secretary

R. L. Hall
Chairman

Motion: The Committee voted 6-4 that SB 99 DO NOT PASS.

(include enough information on motion--put with yellow copy of committee report.)

STANDING COMMITTEE REPORT

February 1

1979

MR. President:

Majority

We, your committee on Business and Industry

having had under consideration Senate Bill No. 99

Respectfully report as follows: That Senate Bill No. 99

CHET BLAYLOCK

HAROLD DOVER

TOM HAGER

WILLIAM R. LOWE

PAT REGAN

~~DO NOT PASS~~
DO NOT PASS

STANDING COMMITTEE REPORT

Marge
404
February 1

1979

MR. President:

Minority

We, your committee on Business and Industry

having had under consideration Senate Bill No. 99

Respectfully report as follows: That Senate Bill No. 99

Pat M. Goodover
PAT M. GOODOVER

ALLEN KOLSTAD

Joen Mehrens
JOEN MEHRENS

Bob Peterson
BOB PETERSON

DO PASS

Mr. Grosfield stated that in some areas there is a substantial difference--as much as 50 percent, but probably not more than 20 or 30 percent.

DISPOSITION OF SENATE BILL 328: Senator Dover made a motion that Senate Bill 328 DO PASS.

A Roll Call Vote was taken on SB 328 and it was given a DO PASS by the Committee.

SENATE BILL 255: The Committee agreed to pass consideration of SB 255 since Senator Thiessen, sponsor of the bill, was unable to be present at the hearing.

SENATE BILL 99: Senator Goodover stated there are two options to the bill. Option B took the state out of the wine distribution system except as called for in the bill.

On second reading of SB 99 there were problems with the bill because there was a problem of revenue. They wanted to bring the bill back to the Committee to address some of these problems.

The Committee was given a copy of Option B. By going with Option B, it still allows wine in the liquor stores and in the grocery stores. It takes the state out of the distribution system.

Attorney Bob Pyfer stated that beer distributors could also distribute wine under this bill, but it would be regulated separately. The Department of Revenue would regulate it.

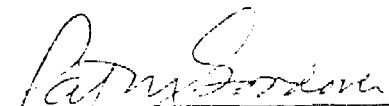
The Committee had a general discussion on distribution of wine.

Senator Blaylock stated he thought we definitely needed a Statement of Intent and the Committee concurred.

Mr. Pyfer stated he hasn't had an opportunity to go over this new bill carefully. He thinks it needs a new Statement of Intent, because there is rule-making authority involved.

The Committee asked Mr. Pyfer to do research for it. He agreed. The Committee will have a new Statement of Intent and research completed for a Work Meeting on Saturday, February 10.

ADJOURN: There being no further business, the meeting was adjourned at 10:55.


Sen. Pat Goodover, Vice-Chairman

MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

February 10, 1979

The meeting of the Business and Industry Committee was called to order by Chairman Frank Hazelbaker on the above date in Room 404 of the State Capitol Building at 10:00 a.m.

ROLL CALL: All members were present with the exception of Senators Dover and Lowe who were excused.

Chairman Hazelbaker called this meeting in order to act on some bills which had been heard previously but not acted upon.

DISPOSITION OF SENATE BILL 99: Chairman Hazelbaker called on Staff Attorney, Bob Pyfer, to explain the new statement of intent for SB 99.

Senator Goodover made a motion to adopt the new statement of intent. Senator Blaylock seconded the motion. The statement of intent was adopted unanimously.

Senator Goodover made a motion to adopt the amendments in the title and in the body of the bill. Senator Blaylock seconded the motion. The amendments were adopted unanimously by the Committee. Senator Regan was the only "no" vote.

Senator Goodover made a motion that Senate Bill 99 Do Pass As Amended. Senate Bill 99 was given a unanimous DO PASS AS AMENDED by the Committee. Senator Regan was the only "no" vote.

DISPOSITION OF SENATE BILL 86: Senator Regan moved that Senate Bill 86 Do Pass. Senator Blaylock seconded the motion. Senate Bill 86 was given a unanimous DO PASS by the Committee.

DISPOSITION OF SENATE BILL 209: Senator Peterson moved that Senate Bill 209 Do Pass As Amended. There was a second by Senator Kolstad.

The Committee voted unanimously that Senate Bill 209 DO PASS AS AMENDED.

SENATE BILL 191: The subcommittee working on this bill stated that amendments were being prepared and would be ready by Tuesday a.m. A statement of intent is also being prepared for the Committee and will be presented.

SENATE BILL 255: Senator Blaylock moved that Senate Bill 255 Do Pass. The Committee voted unanimously that Senate Bill 255 DO PASS. The bill will be held, however, until Senator Thiessen, sponsor of SB 255, returns next week.

HOUSE TAXATION COMMITTEE

46th LEGISLATURE

The House Taxation Committee was called to order by Chairman Herb Huennekens at 8:30 a.m., in Room 434, Capitol Building, on April 3, 1979. All members were present. The staff attorney Randy McDonald was present.

Bills to be heard were: SBs 99, 172, 358, 415, 416, 459

Senator Pat M. Goodover, District #13, Great Falls, the chief sponsor of SB 99, which is by request of the Revenue Oversight Committee, felt there were a number of things that were not addressed in the initiative that had to be considered, such as the need for state alcohol rehabilitation program income from wine sales. There were seven words in section 17 of the initiative that said only wine containing 14% alcohol and over could be sold in state liquor stores and he felt most voters were unaware that this in effect removed wine from state liquor stores. Senator Goodover had a leaflet which he said was the primary one used in the campaign. This, newspaper articles of that time, and information sent from the Attorney General did not mention that table wines would not be sold at the state liquor stores. The intent of the people, he felt, was to allow for the private sale of table wine and to make it more available by being sold in grocery and drug stores and not that the state liquor stores would not sell it. Another change this bill makes is to say no distributor can be a retailer. Large chain stores must order their wine through a distributor. The state will collect the tax through the distributors. The bill will allow the state to order special shipments of wine if the distributor cannot get it. Basically what the bill does is amend the statement of policy to say that the state will continue to retail wine. A statement of intent was left and is included with the minutes.

Rep. Paul Pistoria spoke as a proponent. He passed copies of a cartoon to the members and a copy is included with the minutes. The cartoon depicts what will happen if we allow the out-of-state chain stores to have a monopoly on wine over the counter. More of our money will be leaving the state. He felt Initiative 81 had been an attempt to fool the people. The selection of wine will not be as good.

Roger Tippy spoke for the Committee on Licensed Wine Distributors. These are a group of wholesalers who are getting some winery commitments and planning to get set up for the implementation of the initiative. He presented a list of amendments which are attached to the minutes. The first amendment would allow the wholesalers to get temporary authorization to start stocking shelves the last twenty days of June, although there would be no sales until July 1. The state liquor store would liquidate its table wine inventory and so realize one and a half million extra as a one-time windfall. Also included were amendments to go to the metric form in tax collecting. At 20¢ a liter this would be equal to 75¢ a gallon and 16¢ would go to the general fund and 4¢ to the other three funds. The last suggested amendment the department opposes and they would not

go to the mat on it. Presently the tax is due the middle of the month following receipt of the wine and they would like to change that to a tax at the time of sale. This would encourage a broader selection of the more exotic wines, as they would sell slower, and the distributors would now tend to stock only the higher turnover items.

Mr. Devine of Great Falls spoke for the bill saying otherwise all the money goes out of state.

Ross Cannon, Montana Food Distributors, spoke as a proponent with a minor amendment, a copy of which is part of the minutes. All retailers, private or state, will buy their supplies from private distributors and set their prices to get a fair return. The bill specifically deals with the state's method of selling wine in section 8, page 12, by saying it is to be computed by adding to the state wide weighted average cost of table wine the state markup as designated by the department. Wine is marked up about 80%. We don't wish, he said, to inhibit the state's ability to price but the state potentially has the capacity to put a pressure on the retail stores they might be in direct competition with. This amendment asks the department to adopt rules setting forth their pricing methodology. He felt everyone that is affected by the state being in the retail wine business will benefit from understanding what percentage of markup the state intends to use.

Leon Messerly, Liquor Division, spoke as an amender. He presented an amendment, which is part of the minutes, to strike section 9 on pages 13 and 14. This amendment would eliminate the state having responsibility for special order wine. The private sector will be buying wine from the wine growing areas and they will be able to obtain more feasible rates than the state would be able to. He said it is burdensome to handle special orders as they would have to solicit the wholesalers prior to doing so and then if the wine is successful they would want us back out of the import business. This could cause them to be in constant litigation. He agreed with Roger Tippy's metric change.

Lonny Mayer, Retail Clerks Union, spoke in support.

J. D. Lynch, Cascade Tavern Association, spoke as an amender. He felt the rural counties would have problems as the tavern owners would be unable to buy their wine stock from the liquor stores. If the state could remain as a wholesaler it would leave the state and the people who like wine in a much better shape. The bill in its present form is a travesty.

Senator Goodover in closing said Cascade County is the only county that still opposes the bill. Senator Turnage had wished to be present to go on record as favoring the bill. He felt the department's desire to be out of special wine purchasing was no problem and the change to metrics could be addressed in the statement of intent.

Rep. Fabrega asked if all the other retailers are going to reveal their markup method. Mr. Cannon said this is different as the department is a public agency. He felt it would be better if put into the administrative rule book. Rep. Fabrega asked if competition shouldn't determine the markup as with this suggested amendment the state wouldn't have the flexibility to follow the market. Mr. Cannon said the only way they can know what the department will do is to require them to set it out where all can see it. Rep. Fabrega felt this would make the state's position too rigid and they should be able to float with the market. Mr. Cannon felt then it would be necessary to amend section 8 as that language would not

permit the state to do this, and in that case the state would become the biggest chain store of them all.

Rep. Reichert asked concerning monetary loss to the state. Senator Goodover said the loss to the state is 1.8 million--417,000 to the county and 200,000 to the alcohol rehabilitation program.

Rep. Sivertsen asked Mr. Lynch if he had a personal interest in this travesty he mentioned. Mr. Lynch said no.

Senator Peter R. Story, District #37, Emigrant, chief sponsor of SB 172, said this bill increases the proceeds from the gasoline dealer's license tax earmarked for snowmobile facilities and safety from .3 of one percent to .6 of one percent. This will enable them to expand their program. Two pamphlets telling of the program were given to the members and copies are attached. The money asked for is from actual gas used by snowmobilers so it is a matter of simple fairness. The snowmobilers do not get their part of the gas tax back but it goes into a fund for snowmobile facilities and safety programs. He mentioned he did not own a snowmobile or belong to an association.

SENATE BILL

172

Ken Hoovestol, Montana Snowmobile Association, spoke next in support. A copy of his testimony is attached and part of the minutes. Mr. Hoovestol read a letter from Bob Didricksen, President of the Montana Snowmobile Association, which is attached and part of the minutes. He also read a letter in support from Everett E. Woodgerd, President of the Missoula Snowgoers, and a copy of this is also attached and part of the minutes.

Ron Aasheim, Snowmobile Project Coordinator, Parks Division, Department of Fish and Game, spoke next in support and a copy of his testimony is attached.

Robert Miller, Safety Man for Fish and Game, said they administer the portion of the money that relates to the safety program. He said they utilize workshops to stress safety. He said eight more ambulances would give a very good cover to the state in this area. Equipment would include films on safety education, and a slide series about Montana snowmobile safety. They would be able to purchase audio-visual equipment. He felt it would be good to have an annual safety week for snowmobiles.

Beth Fuselin, Flathead Valley Snowmobilers, agreed with all that has been said.

Ralph Holman, Montana Outfitters and Guides Association, spoke in opposition with a wish to amend. A copy of his testimony is attached.

Larry Tobiason, Montana Automobile Association, said he opposed any diversion of funds from the highway trust fund. The money is badly needed to repair and construct roads which is more important than grooming trails for the comfort of a few recreationists. About forty miles a year of highway is all that they can do and a little over 2000 miles of the highway needs reconstruction and over 400 bridges need repair. We can't continue to drain money from the highway trust account. If last time you reduced it from .6 to .3, I submit they haven't doubled in two years--imagine they are approximately the same.

HOUSE TAXATION COMMITTEE

46th Legislature

The House Taxation Committee was called to order at 9:00 p.m., April 12, by Chairman Herb Huennekens, in room 434, Capitol Building, Helena. The meeting was held for the purpose of having an executive session. All members were present as was the staff attorney, Randy McDonald.

SENATE BILL 384 - Rep. Fabrega moved to reconsider the committee's action on SB 384 in order to add some amendments. There were no Noes. Reps. Hirsch, Bertelsen and Nordtvedt were absent.

SENATE BILL 401 - Rep. Fagg moved SB 401 Be Concurred In. Rep. Williams moved amentments offered previously by Ron Pogue be adopted. After discussion, the amendments were not adopted - motion failed. Rep. Vicki Johnson moved that SB 401 Be Concurred In - There were no Noes.

SENATE BILL 508 - Vicki Johnson moved that SB 508 Be Concurred In. Rep. Fagg moved to adopt clean-up amendments. Motion was adopted with No Noes. Rep. Nordtvedt moved the adoption of his amendments. There were No Noes. Motion to recommend SB 508 be concurred in as amended was accepted. Rep. Hirsch was absent. Rep. Lien will carry this bill on the floor.

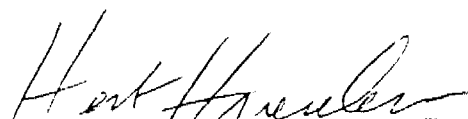
SENATE BILL 463 - Rep. Vinger moved to amend SB 463 on page 1, line 6 in the enacting clause and strike everything in Section 1, page 1 through Section 1, page 2. Rep. Robbins moved to defer SB 463 until April 13. Motion was accepted.

SENATE BILL 99 - Rep. Fabrega moved to reconsider action taken on SB 99 in order to amend the bill. There were No Noes. He further moved to amend Section 8 with a specific amendment. Reps. Nordtvedt, Sivertsen, Vinger, Burnett voted No on the amendment. Motion to amend was adopted. He further moved that SENATE BILL 99 BE CONCURRED IN AS AMENDED. There were No Noes.

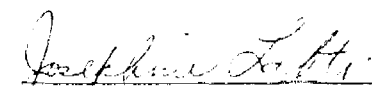
SENATE BILL 67 - Rep. Burnett moved that Senate Bill 67 BE CONCURRED IN This motion carried with a roll call vote of 10-8. Rep. Lien will carry this bill on the House floor.

SENATE BILL 182 - Rep. Vinger moved Senate Bill 182 BE CONCURRED IN. Rep. Fabrega moved that an effective date of July 1, 1979 be amended into the bill since we are in the final quarter already. The title is to be amended also and page 4, section 4. Motion to amend carried with NO NOES. Reps. Robbins, Bertelsen, Dassinger were absent. Rep. Nordtvedt moved to insert on page 2, line 2 "except for additional taxes collected" (Randy will work out proper language) by making a provision whereby an increase in the severance tax will not be transferred to the counties. Motion carried.

Meeting adjourned at 9:50 p.m.



REP. HERB HUENNEKENS, Chairman



Secretary

STANDING COMMITTEE REPORT

February 10

19 79

MR. President

We, your committee on Business and Industry

having had under consideration Senate Bill No. 99

Respectfully report as follows: That Senate Bill No. 99,
introduced bill, be amended as follows: (see attached 13 pages)

And, as so amended,

DO PASS

STATEMENT OF INTENT RE: S.B. NO. 99

A statement of intent is required for S.B. No. 99 in that it delegates rulemaking authority to the Department of Revenue in Section 6.

Section 6 of the bill expands the rulemaking powers of the department of revenue by authorizing the department to adopt rules on various aspects of marketing table wine. Montana liquor laws have traditionally given wide discretion and power to the state liquor control agency. This should also be the case for regulated wine handling. This statement is therefore not a comprehensive list of anticipated agency rules. If a problem not now foreseen arises in the wine handling area and the department can handle the problem with a rule, the legislature should expect the department to take the necessary action.

Rules that can presently be anticipated would deal with the manner in which distributors would sell to state stores and the retail markup to be applied in state stores. The department may require distributors to sell wine on invoices which are consistent with the department's recordkeeping systems. The state markup should not be so low as to create a competitive advantage for the state. The special order procedure in Section 9 may be implemented by department rules to require customer prepayment for small individual orders.

AMENDMENTS TO SB 99

1. Page 1, line 7.

Following: line 7

Insert: "ALLOCATING THE TAX ON WINE;"

2. Page 1, line 7.

Following: "2,"

Strike: "4, AND"

Following: "5"

Insert: ", AND 9"

3. Page 1, line 10.

Following: line 10

Strike: everything after the enacting clause

Insert: _____

"Section 1. Section 1 of Initiative No. 81 is amended to read:

"Section 1. There is a new section in Title 49-20-1647 16, MCA, that reads as follows:

The public policy of the state of Montana is to create ~~a complete monopoly by the state over the acquisition, importation and distribution of wine containing more than 14% alcohol by volume but to maintain a system for the sale of wine by the state through state liquor facilities and provide for regulate and control the acquisition, importation and distribution of table wine containing not more than 14% alcohol by volume in a manner paralleling the regulation and control of importation, acquisition and distribution of beer within this state. When the words "table wine" are used in this act in either the singular or~~

plural they refer only to wine containing not more than 14% alcohol by volume."

Section 2. Section 2 of Initiative No. 21 is amended to read:

"Section 2. Section 4-1-107, RC4 1947, is amended to read as follows:

"4-1-107. Definitions. As used in this code:

"(1) 'Agency agreement' means an agreement between the department and a person appointed to sell liquor as a commission merchant, rather than as an employee.

"(2) 'Alcohol' means ethyl alcohol, also called ethanol or the hydrated oxide of ethyl.

"(3) 'Alcoholic beverage' means a compound produced and sold for human consumption as a drink that contains more than one-half of one percent (0.5%) of alcohol by volume.

"(4) 'Beer' means a malt beverage containing not more than seven percent (7%) of alcohol by weight.

"(5) 'Brewer' means a person who produces malt beverages.

"(6) 'Department' means the Montana department of revenue.

"(7) 'Immediate family' means a spouse, dependent children, or dependent parents.

"(8) 'Industrial use' means a use described as industrial use by the Federal Alcohol Administration Act and

the federal rules and regulations of 27 CFR.

"(9) 'Liquor' means an alcoholic beverage except beer and table wine.

"(10) 'Malt beverage' means an alcoholic beverage made by the fermentation of an infusion or decoction, or a combination of both, in potable brewing water, of malted barley with or without hops or their parts, or their products, and with or without other malted cereals and with or without the addition of unmalted or prepared cereals, other carbohydrates or products prepared therefrom, and with or without other wholesome products suitable for human food consumption.

"(11) 'Package' means a container or receptacle used for holding an alcoholic beverage.

"(12) 'Proof gallon' means a U.S. gallon of liquor at sixty degrees on the Fahrenheit scale that contains fifty percent (50%) of alcohol by volume.

"(13) 'Public place' means a place, building, or conveyance to which the public has or may be permitted to have access and any place of public resort.

"(14) 'Residence' means a building, part of a building where a person resides, but does not include any part of a building that is not actually and exclusively used as a private residence.

"(15) 'Rules and regulations' means rules and

regulations published by the department pursuant to this act.

"(16) 'State liquor facility' means a facility owned or under control of the department for the purpose of receiving, storing, transporting, or selling alcoholic beverages.

"(17) 'State liquor store' means a retail store operated by the department in accordance with this code for the purpose of selling distilled spirits and wines ~~containing more than 14% alcohol by volume.~~

"(18) 'Storage depot' means a building or structure owned or operated by a brewer at any point in the state of Montana, off and away from the premises of a brewery, and which structure is equipped with refrigeration or cooling apparatus for the storage of beer, and from which a brewer may sell or distribute beer as permitted by this code.

"(19) 'Warehouse' means a building or structure owned or operated by a licensed wholesaler for the receiving, storage and distribution of beer or table wine as permitted by this code.

"(20) 'Wine' means an alcoholic beverage made from the normal alcoholic fermentation of the juice of sound, ripe, fruit or other agricultural products without addition or abstraction, except as may occur in the usual cellar treatment of clarifying and aging and that contains not less

than seven percent (7%) nor more than twenty-four percent (24%) of alcohol by volume. Wine may be ameliorated to correct natural deficiencies, sweetened and fortified in accordance with applicable federal regulations and the customs and practices of the industry. Other alcoholic beverages not defined as above but made in the manner of wine, labeled and sold as wine in accordance with federal regulations are also wine.

"(21) 'Table wine' means wine as defined above which contains not more than 14% alcohol by volume."

Section 3. Section 5 of Initiative No. 81 is amended to read:

"Section 5. There is a new section in Title 47-608 1947 16, MCA, that reads as follows:

To whom table wine distributor may sell. A table wine distributor may sell and deliver table wine purchased or acquired by him to another table wine distributor, retailer, or common carrier which holds a license issued by the department of revenue, or to the department. It shall be unlawful for any table wine distributor to sell, deliver or give away any table wine to be consumed on such distributor's premises or to give, sell, deliver, or distribute any table wine purchased or acquired by him to the public.

A distributor may not deliver wine to a state liquor store at a different price than that offered for similar goods under similar circumstances to retailers in the same county in which the state liquor store is located."

Section 4. Section 9 of Initiative No. 81 is amended to read:

Section 9.

~~Tax on Wine. A tax of seventy-five cents (75c) per gallon is hereby levied and imposed on table wine imported by any table wine distributor, and such tax shall be paid by the table wine distributor by the 15th of the month following receipt of the table wine at the table wine distributor's warehouse. The tax computed and paid in accordance with this section shall be the only tax imposed by the state or any of its subdivisions, including cities and towns, and it shall be distributed in accordance with applicable statutes and regulations.~~

✓ 60c to the state general fund; 5c to the earmarked revenue account to the credit of the department of institutions for the treatment, rehabilitation, and prevention of alcoholism; 5c to the counties based on population for the purpose established in 16-1-404; and 5c to the cities and towns based on population for the purpose established in 16-1-405.

Section 5. Section 16-1-302, ACA, is amended to read:

"16-1-302. Functions, powers, and duties of departments. The department shall have the following functions, duties, and powers:

(1) to buy, import, have in its possession for sale, and sell liquors in the manner set forth in this code;

~~(2) to buy from licensed table wine distributors, have in its possession for sale, and sell table wine in the manner set forth in this code;~~

~~(3) to control the possession, sale, and delivery of liquors in accordance with the provisions of this code;~~

~~(4) to determine the municipalities within which state liquor stores shall be established throughout the state and the situation of the stores within every such municipality;~~

~~(5) to lease, furnish, and equip any building or land required for the operation of this code;~~

~~(6) to buy or lease all plants and equipment if any consider necessary and useful in carrying into effect the~~

(6)(1) to employ store managers and also every officer, investigator, clerk, or other employee required for the operation or carrying out of this code and to dismiss the same; fix their salaries or remuneration; assign them their title; define their respective duties and powers, and to engage the service of experts and persons engaged in the practice of a profession, if deemed expedient;

(7)(2) to determine the nature, form, and capacity of all packages to be used for containing liquor kept or sold under this code;

(8)(3) to grant and issue licenses under and in pursuance to this code;

(9)(10) without in any way limiting or being limited by the foregoing, to do all such things as are deemed necessary or advisable by the department for the purpose of carrying into effect the provisions of this code or the rules made thereunder."

Section 6. Section 16-1-303, MCA, is amended to read:

"16-1-303. Department rules. (1) The department may make such rules not inconsistent with this code as to the department seem necessary for carrying out the provisions of this code and for the efficient administration thereof.

(2) without thereby limiting the generality of the provisions contained in subsection (1) hereof, it is declared that the power of the department to make rules in the manner set out in that subsection shall extend to and include the following:

(a) regulating the equipment and management of state stores and warehouses in which liquor or table wine is kept or sold and prescribing the books and records to be kept therein;

(b) prescribing the duties of the employees of the liquor division and regulating their conduct while in the discharge of their duties;

(c) governing the purchase of liquor and the furnishing of liquor to state stores established under this code;

(d) determining the classes, varieties, and brands of liquor and table wine to be kept for sale at any state store;

(e) prescribing, subject to this code, the hours during which state liquor stores shall be kept open for the sale of alcoholic beverages;

(f) providing for the issuing and distributing of price lists showing the price to be paid by purchasers for each class, variety, or brand of liquor and table wine kept for sale under this code;

(g) prescribing an official seal which shall be attached to every package of liquor sold or sealed under this code;

(h) prescribing forms to be used for the purpose of this code or of the rules made thereunder and the terms and conditions in permits and licenses issued and granted under this code;

(i) prescribing the form of records of purchase of liquor and table wine and the reports to be made thereon to

the division and providing for inspection of the records so kept;

(j) prescribing the manner of giving and serving notices required by this code or the rules thereunder;

(k) prescribing the fees payable in respect of permits and licenses issued under this code for which no fees are prescribed in this code and prescribing the fees for anything done or permitted to be done under the rules made thereunder;

(l) prescribing, subject to the provisions of this code, the conditions and qualifications necessary for the obtaining of a liquor or beer license and the books and records to be kept and the returns to be made by the licensees and providing for the inspection of such licensed premises;

(m) specifying and describing the place and the manner in which liquor or beer may be lawfully kept or stored;

(n) specifying and regulating the time and periods when and the manner, methods, and means by which vendors and brewers shall deliver liquor under this code and the time and periods when and the manner, methods, and means by which liquor, under this code, may be lawfully conveyed or carried;

(o) governing the conduct, management, and equipment of any premises licensed to sell liquor or beer under this

code;

(p) providing for the imposition and collection of taxes and making rules respecting returns, accounting, and payment of the taxes to the department.

(3) Whenever it is provided in this code that any act, matter, or thing may be done if permitted or authorized by the rules or may be done in accordance with the rules or as provided by the rules, the department, subject to the restrictions set out in subsection (1) hereof, shall have the power to make rules respecting such act, matter, or thing."

Section 7. Section 16-1-304, RSA, is amended to read:

"16-1-304. Prohibited acts. (1) No officer or employee of the liquor division, including those engaged in the sale of liquor at the various state liquor stores, may be directly or indirectly interested or engaged in any other business or undertaking dealing in liquor or apple wine, whether as owner, part owner, partner, member of syndicate, shareholder, agent, or employee and whether for his own benefit or in a fiduciary capacity for some other person.

(2) No member or employee of the division or any employee of the state may solicit or receive directly or indirectly any commission, remuneration, or gift whatsoever from any person or corporation having sold, selling, or

offering liquor or table wine for sale to the state or division pursuant to this code.

(3) No person selling or offering for sale to or purchasing liquor or table wine from the state liquor division may either directly or indirectly offer to pay any commission, profit, or remuneration or make any gift to any member or employee of the division, to any employee of the state, or to anyone on behalf of such member or employee.

(4) The prohibition contained in subsection (3) of this section does not prohibit the division from receiving samples of liquor or table wine for the purpose of chemical testing, subject to the following limitations:

(a) Each manufacturer, distiller, compounder, rectifier, importer, or wholesale distributor or any other person, firm, or corporation proposing to sell any liquor or table wine to the Montana liquor division shall submit, without cost to the division prior to the original purchase, an analysis of each brand and may submit a representative sample not exceeding 25 fluid ounces of such merchandise to the division.

(b) When a brand of liquor or table wine has been accepted for testing by the division, the division shall forward the sample, unopened and in its entirety, to a qualified chemical laboratory for analysis.

(c) The division shall maintain strict records of all

samples received. The records shall show the brand name, amount and from whom received, date received, the laboratory or chemist to whom forwarded, the division's action on the brand, and the person to whom delivered or other final disposition of the sample.

(5) No liquor, wine, or other alcoholic beverage may be withdrawn from the regular warehouse inventory or from the state liquor stores of the Montana liquor division for any purpose other than sale at the prevailing state retail prices or for destroying damaged or defective merchandise. The division shall maintain a written record including the type, brand, container size, number of bottles or other units, signatures of witnesses, and method of destruction or other disposition of damaged or defective warehouse or state store merchandise."

NEW SECTION. Section 8. Retail selling price on table wine sold by the state. The retail selling price at which table wine is sold by the department shall be computed by adding to the ^{statewide weighted average} cost of table wine the state markup as designated by the department.

NEW SECTION. Section 9. (1) The department may, upon petition, notice, opportunity for hearing, and making of findings, import and distribute one or more named table wines to one or more designated state liquor stores, in the same manner as if the table wine contained more than 14% alcohol by volume.

(2) An interested person may petition the department to import one or more table wines to be sold in a state liquor

grounds that the particular table wine is not available from any table wine distributor serving the area. The department shall give notice of the petition to all table wine distributors serving the area and shall conduct a contested case hearing if any distributor files a protest to the petition.

(3) The department must find, upon the record of the hearing if one is demanded, that a particular table wine cannot be reasonably obtained from any table wine distributor before the department may import that table wine as provided in subsection (1).

-End-

SUMMARY

INTENT

Sec. 1. Amends the statement of policy in Initiative 81 to declare that the state will maintain retailing of wine at state liquor stores while regulating private sector distribution and retailing of wine.

Self-explanatory

Sec. 2. Amends the definitions in the Alcoholic Beverage Code to redefine a state liquor store as a facility for selling liquor and wine. Identical section is in the introduced bill.

Self-explanatory

Sec. 3. Amends a section in the initiative, specifying to whom a distributor may sell, to declare that the Department of Revenue is also eligible to buy wine at wholesale. A distributor would be prohibited from selling wine to the department at a higher or lower price than that he offers to groceries and taverns in the same ~~area~~ ^{area} as the state store.

The intent is to have the groce or tavern and the state liquor store all start at the same wholesale price. This will pro fair competition and prevent an wine retailer, private or publi from having an unfair advantage

Sec. 4. Amends a section in the Alcoholic Beverage Code dealing with the powers of the Department of revenue, to specify that the department may also purchase wine from a distributor.

This authority would be delegate to each store manager, who would order the wines he customarily stocks from the various distrib- utors who service the area. New

Sec. 5. Amends the section of the Alcoholic Beverage Code which gives rule-making power to the department by specifying that the department may adopt rules for the handling of wine.

Rules for inventory control and reporting from the state stores could be internal management policies and not subject to the Administrative Procedure Act. Rules might be adopted to enforce the non-discrimination requireme in section 3, to govern special order procedures, to set the markup under section 3, and to provide for state payment to distributors in a manner equival to the seven-day credit obligati of the groceries and taverns.

Section 6. Amends the conflict-of-interest section in the Alcoholic Beverage Code to prohibit liquor division employees from investing in a wine business. Identical section is in the introduced bill.

Conforming amendment to keep the law consistent.

SUMMARY

Sec. 7. Adds a new section providing that the retail price of wine in a state store is determined by adding the state markup to the cost of the wine.

Sec. 8. Adds a new section declaring that the Department of Revenue may import, distribute, and retail particular brands of wine if the distributors in the area do not and will not carry those wines.

Sec. 4. Amends the tax section in Initiative 81 to allocate the revenue from the 75 cents per gallon tax: 60 cents to the general fund, 5 cents to the counties, and 10 cents to the alcoholism treatment programs of the Department of Institutions.

INTENT

Cost is the distributor's whole price for the wine delivered at a state store. This includes the which the distributor has already paid. The markup would be designed in the department's rules and could be changed after notice and hearing. The markup should never be less than that used for distilled spirits.

This authority may not have been used. It guarantees that when consumer demand exists for a wine, it will be available in state stores.

This is intended to roughly approximate the distribution profits and taxes on wine as has been marketed under the state monopoly.

STATEMENT OF INTENT RE: SB 99

A statement of intent is required for S.B. No. 99 in that it delegates rulemaking authority to the Department of Revenue in Section 6.

Section 6 of the bill expands the rulemaking powers of the department of revenue by authorizing the department to adopt rules on various aspects of marketing table wine. Montana liquor laws have traditionally given wide discretion and power to the state liquor control agency. This should also be the case for regulated wine handling. This statement is therefore not a comprehensive list of anticipated agency rules. If a problem not now foreseen arises in the wine handling area and the department can handle the problem with a rule, the legislature should expect the department to take the necessary action.

Rules that can presently be anticipated would deal with the manner in which distributors would sell to state stores and the retail markup to be applied in state stores. The department may require distributors to sell wine on invoices which are consistent with the department's recordkeeping systems. The state markup should not be so low as to create a competitive advantage for the state. The special order procedure in Section 9 may be implemented by department

rules to require customer prepayment for small individual orders. SECTION 9 OF THE BILL ALLOWS THE DEPARTMENT TO ADOPT TEMPORARY RULES IN ORDER TO MAKE AN ORDERLY TRANSITION TO THE NEW WINE MARKETING POLICIES. RULES THAT CAN BE ANTICIPATED INCLUDE RULES REGARDING THE ISSUANCE OF TEMPORARY AUTHORIZATION TO DISTRIBUTE AND RETAIL TABLE WINE AND PROCEDURES ALLOWING DISTRIBUTORS AND RETAILERS TO MAKE TABLE WINE AVAILABLE UNDER THE NEW SYSTEM ON JULY 1, 1979. THE RULEMAKING AUTHORITY GRANTED IN SECTION 10 IS NOT AN EXPANSION OF THE RULEMAKING AUTHORITY GRANTED TO THE DEPARTMENT IN SECTION 6, BUT IS ONLY TO PROVIDE FOR AN ORDERLY TRANSITION. THE STATE MARKUP SHOULD NOT BE SO LOW AS TO CREATE A COMPETITIVE ADVANTAGE FOR THE STATE. THE SPECIAL ORDER PROCEDURE IN SECTION 9 MAY BE IMPLEMENTED BY DEPARTMENT RULES TO REQUIRE CUSTOMER PREPAYMENT FOR SMALL INDIVIDUAL ORDERS.

SENATE BILL NO. 99

INTRODUCED BY GOODOVER, FABREGA, MOORE, TURNAGE,
O'CONNELL, MATHERS, GRAHAM, NATHE, MENAHAN, METCALF,
ROSENTHAL, GILLIGAN, ROTH, RYAN, SCULLY, MANUEL,
STAIGMILLER, MEYER, KOLSTAD

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE
DEPARTMENT OF REVENUE TO BUY, ~~IMPORT,~~ IMPORT, AND SELL
TABLE WINE; ALLOCATING THE TAX ON WINE; AMENDING SECTIONS 1,
2, ~~4~~ AND 4, 5, AND 9 OF INITIATIVE NO. 81; AND SECTIONS
16-1-302, 16-1-303, AND 16-1-304, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Refer to Introduced Bill

(Strike everything after the enacting clause and Insert:)

Section 1. Section 1 of Initiative No. 81 is amended
to read:

"Section 1. There is a new section in Title ~~4~~--RE
~~1947 16~~, MCA, that reads as follows:

The public policy of the state of Montana is to ~~retain~~
~~a complete monopoly by the state over the acquisition~~
~~importation and distribution of wine containing more than~~
~~14% alcohol by volume but to maintain a system for the~~
IMPORTATION AND sale of wine by the state through state

liquor facilities and provide for, regulate, and control the
acquisition, importation, and distribution of table wine
containing not more than 14% alcohol by volume ~~in a manner~~
~~permitting the regulation and control of importation~~
~~acquisition and distribution of beer within this state BY~~
LICENSED WINE DISTRIBUTORS AND THE STATE. When the words
"table wine" are used in this act in either the singular or
plural they refer only to wine containing not more than 14%
alcohol by volume."

Section 2. Section 2 of Initiative No. 81 is amended
to read:

"Section 2. Section ~~4-1-107~~, RCM 1947, is amended to
read as follows:

"4-1-107. Definitions. As used in this code:

"(1) 'Agency agreement' means an agreement between the
department and a person appointed to sell liquor as a
commission merchant, rather than as an employee.

"(2) 'Alcohol' means ethyl alcohol, also called
ethanol or the hydrated oxide of ethyl.

"(3) 'Alcoholic beverage' means a compound produced
and sold for human consumption as a drink that contains more
than one-half of one percent (0.5%) of alcohol by volume.

"(4) 'Beer' means a malt beverage containing not more
than seven percent (7%) of alcohol by weight.

"(5) 'Brewer' means a person who produces malt

1 beverages.

2 "(6) 'Department' means the Montana department of
3 revenue.

4 "(7) 'Immediate family' means a spouse, dependent
5 children, or dependent parents.

6 "(8) 'Industrial use' means a use described as
7 industrial use by the Federal Alcohol Administration Act and
8 the federal rules and regulations of 27 CFR.

9 "(9) 'Liquor' means an alcoholic beverage except beer
10 and table wine.

11 "(10) 'Malt beverage' means an alcoholic beverage made
12 by the fermentation of an infusion or decoction, or a
13 combination of both, in potable brewing water, of malted
14 barley with or without hops or their parts, or their
15 products, and with or without other malted cereals and with
16 or without the addition of unmalted or prepared cereals,
17 other carbohydrates or products prepared therefrom, and with
18 or without other wholesome products suitable for human food
19 consumption.

20 "(11) 'Package' means a container or receptacle used
21 for holding an alcoholic beverage.

22 "(12) 'Proof gallon' means a U.S. gallon of liquor at
23 sixty degrees on the Fahrenheit scale that contains fifty
24 percent (50%) of alcohol by volume.

25 "(13) 'Public place' means a place, building, or

1 conveyance to which the public has or may be permitted to
2 have access and any place of public resort.

3 "(14) 'Residence' means a building, part of a building
4 where a person resides, but does not include any part of a
5 building that is not actually and exclusively used as a
6 private residence.

7 "(15) 'Rules and regulations' means rules and
8 regulations published by the department pursuant to this
9 act.

10 "(16) 'State liquor facility' means a facility owned or
11 under control of the department for the purpose of
12 receiving, storing, transporting, or selling alcoholic
13 beverages.

14 "(17) 'State liquor store' means a retail store
15 operated by the department in accordance with this code for
16 the purpose of selling distilled spirits and wines
17 containing more than 14% alcohol by volume.

18 "(18) 'Storage depot' means a building or structure
19 owned or operated by a brewer at any point in the state of
20 Montana, off and away from the premises of a brewery, and
21 which structure is equipped with refrigeration or cooling
22 apparatus for the storage of beer, and from which a brewer
23 may sell or distribute beer as permitted by this code.

24 "(19) 'Warehouse' means a building or structure owned
25 or operated by a licensed wholesaler for the receiving,

1 storage and distribution of beer or table wine as permitted
2 by this code.

3 "(20) 'Wine' means an alcoholic beverage made from the
4 normal alcoholic fermentation of the juice of sound, ripe,
5 fruit or other agricultural products without addition or
6 abstraction, except as may occur in the usual cellar
7 treatment of clarifying and aging and that contains not less
8 than seven percent (7%) nor more than twenty-four percent
9 (24%) of alcohol by volume. Wine may be ameliorated to
10 correct natural deficiencies, sweetened and fortified in
11 accordance with applicable federal regulations and the
12 customs and practices of the industry. Other alcoholic
13 beverages not defined as above but made in the manner of
14 wine, labeled and sold as wine in accordance with federal
15 regulations are also wine.

16 "~~(21) 'Table wine' means wine as defined above which~~
17 ~~contains not more than 14% alcohol by volume.~~"

18 ~~SECTION 3. SECTION 4 OF INITIATIVE NO. 81 IS AMENDED~~
19 ~~TO READ:~~

20 "Section 4. There is a new section in Title 47-REM
21 ~~1947 16, MCA~~, that reads as follows:

22 Wine distributor's license -- records. (1) Any person
23 desiring to sell and distribute table wine at wholesale to
24 retailers under the provisions of this code shall apply to
25 the department of revenue for a license to do so and shall

1 tender with his application the annual license fee of \$400
2 and the department may issue licenses to qualified
3 applicants in accordance with the provisions of this code.
4 All table wine distributors' licenses issued in any year
5 shall expire on the 30th day of June at midnight of such
6 year. No license fee may be imposed upon table wine
7 distributors by a municipality or any other political
8 subdivision of the state. The license shall be at all times
9 prominently displayed in the place of business of such table
10 wine distributor.

11 To qualify for a table wine distributor's license the
12 applicant shall be a resident of Montana; provided, however,
13 any individual or partnership which has been licensed as a
14 table wine distributor may, upon incorporation in accordance
15 with the laws of Montana, transfer such license to the
16 corporation if a majority of the capital stock thereof is
17 held by said individual or the members of said partnership;
18 or if applicant is a foreign corporation said corporation
19 shall be authorized to do business in Montana; and said
20 applicant shall have a fixed place of business, sufficient
21 capital, the facilities, storehouse, receiving house or
22 warehouse for the receiving of, storage, handling, and
23 moving of table wine in large and jobbing quantities for
24 distribution and sale in original packages to other licensed
25 table wine distributors or licensed retailers. Each table

1 wine distributor shall be entitled to only one (1) wholesale
 2 table wine license, which license shall be issued for his
 3 principal place of business in Montana; a duplicate license
 4 may be issued for one (1) subwarehouse only in Montana for
 5 each table wine distributor's license, which said duplicate
 6 license shall at all times be prominently displayed at said
 7 subwarehouse. A table wine distributor may also hold a
 8 license to sell beer at wholesale but shall not hold or have
 9 any interest, direct or indirect, in any license to sell
 10 beer, wine, or liquor at retail.

11 ~~At~~ With the exception of table wine purchased by the
 12 department and shipped to its warehouse, all table wine
 13 manufactured outside of the state of Montana and shipped
 14 into Montana shall be consigned to and shipped to a licensed
 15 table wine distributor, and by him unloaded into his
 16 warehouse in Montana or subwarehouse in Montana; said
 17 distributor shall distribute said table wine from such
 18 warehouse or subwarehouse; said distributor shall keep
 19 records at his principal place of business of all table wine
 20 including the name or kind received, on hand, sold and
 21 distributed; said records may at all times be inspected by
 22 any member or representative of the department of revenue;
 23 any table wine which has been shipped into Montana and has
 24 not been shipped to and distributed from a warehouse of a
 25 licensed table wine distributor or the department shall be

1 seized by any peace officer or representative of the
 2 department and may be confiscated in the manner as provided
 3 for the confiscation of intoxicating liquor."

4 Section 4. Section 5 of Initiative No. 81 is amended
 5 to read:

6 "Section 5. There is a new section in Title 47--REM
 7 ~~1947 16A MCA~~, that reads as follows:

8 To whom table wine distributor may sell. A table wine
 9 distributor may sell and deliver table wine purchased or
 10 acquired by him to another table wine distributor, retailer,
 11 or common carrier which holds a license issued by the
 12 department of revenue, or to the department. It shall be
 13 unlawful for any table wine distributor to sell, deliver or
 14 give away any table wine to be consumed on such
 15 distributor's premises or to give, sell, deliver, or
 16 distribute any table wine purchased or acquired by him to
 17 the public. ~~A distributor may not deliver wine to a state~~
 18 ~~liquor store at a different price than that offered for~~
 19 ~~similar goods under similar circumstances to retailers in~~
 20 ~~the same county in which the state liquor store is located."~~

21 Section 5. Section 9 of Initiative No. 81 is amended
 22 to read:

23 "Section 9. There is a new section in Title 47--REM
 24 ~~1947 16A MCA~~, that reads as follows:

25 Tax on Wine. ~~(1)~~ A tax of seventy-five 20 cents {75-}

per gallon LITER is hereby levied and imposed on table wine imported by any table wine distributor ~~and such tax~~ OR THE DEPARTMENT.

(2) THE TAX ON TABLE WINE IMPORTED BY A TABLE WINE DISTRIBUTOR shall be paid by the table wine distributor by the 15th of the month following receipt of the table wine at the table wine distributor's warehouse.

(3) THE TAX ON TABLE WINE IMPORTED BY THE DEPARTMENT SHALL BE COLLECTED AT THE TIME OF SALE, BE RETAINED IN A SEPARATE ACCOUNT, AND BE DEPOSITED WITH THE STATE TREASURER TO THE CREDIT OF THE GENERAL FUND NOT LATER THAN THE 10TH DAY OF THE MONTH FOLLOWING THE SALE.

(4) The tax computed and paid in accordance with this section shall be the only tax imposed by the state or any of its subdivisions, including cities and towns, and it

(5) THE TAX PAID BY A TABLE WINE DISTRIBUTOR shall be distributed in accordance with applicable statutes and regulations: 60- 16 CENTS to the state general fund; 5- AND OF THE REMAINING 4 CENTS ONE-THIRD to the earmarked revenue account to the credit of the department of institutions for the treatment, rehabilitation, and prevention of alcoholism; 5- ONE-THIRD to the counties, based on population, for the purpose established in 16-1-404, and 5- ONE-THIRD to the cities and towns, based on population, for the purpose established in 16-1-405."

~~SECTION 6- THERE IS A NEW MCA SECTION THAT READS AS FOLLOWS:~~

~~Retail selling price on table wine sold by the state. The retail selling price at which table wine is sold by the department shall be computed by adding to the cost of table wine the state markup and state tax as designated by the department.~~

Section 6. Section 16-1-302, MCA, is amended to read: "16-1-302. Functions, powers, and duties of department. The department shall have the following functions, duties, and powers:

(1) to buy, import, have in its possession for sale, and sell liquors AND TABLE WINE in the manner set forth in this code;

~~(2) to buy from licensed table wine distributors, have in its possession for sale, and sell table wine in the manner set forth in this code;~~

~~(2)(3)(2)~~ to control the possession, sale, and delivery of liquors in accordance with the provisions of this code;

~~(3)(4)(3)~~ to determine the municipalities within which state liquor stores shall be established throughout the state and the situation of the stores within every such municipality;

~~(4)(5)(4)~~ to lease, furnish, and equip any building or

1 land required for the operation of this code;

2 ~~(5)(6)(5)~~ to buy or lease all plants and equipment it

3 may consider necessary and useful in carrying into effect

4 the objects and purposes of this code;

5 ~~(6)(7)(6)~~ to employ store managers and also every

6 officer, investigator, clerk, or other employee required for

7 the operation or carrying out of this code and to dismiss

8 the same, fix their salaries or remuneration, assign them

9 their title, define their respective duties and powers, and

10 to engage the service of experts and persons engaged in the

11 practice of a profession, if deemed expedient;

12 ~~(7)(8)(7)~~ to determine the nature, form, and capacity

13 of all packages to be used for containing liquor kept or

14 sold under this code;

15 ~~(8)(9)(8)~~ to grant and issue licenses under and in

16 pursuance to this code;

17 ~~(9)(10)(9)~~ without in any way limiting or being

18 limited by the foregoing, to do all such things as are

19 deemed necessary or advisable by the department for the

20 purpose of carrying into effect the provisions of this code

21 or the rules made thereunder.*

22 Section 7. Section 16-1-303, MCA, is amended to read:

23 *16-1-303. Department rules. (1) The department may

24 make such rules not inconsistent with this code as to the

25 department seem necessary for carrying out the provisions of

1 this code and for the efficient administration thereof.

2 (2) Without thereby limiting the generality of the

3 provisions contained in subsection (1) hereof, it is

4 declared that the power of the department to make rules in

5 the manner set out in that subsection shall extend to and

6 include the following:

7 (a) regulating the equipment and management of state

8 stores and warehouses in which liquor or table wine is kept

9 or sold and prescribing the books and records to be kept

10 therein;

11 (b) prescribing the duties of the employees of the

12 liquor division and regulating their conduct while in the

13 discharge of their duties;

14 (c) governing the purchase of liquor and the

15 furnishing of liquor to state stores established under this

16 code;

17 (d) determining the classes, varieties, and brands of

18 liquor and table wine to be kept for sale at any state

19 store;

20 (e) prescribing, subject to this code, the hours

21 during which state liquor stores shall be kept open for the

22 sale of alcoholic beverages;

23 (f) providing for the issuing and distributing of

24 price lists showing the price to be paid by purchasers for

25 each class, variety, or brand of liquor and table wine kept

1 for sale under this code;

2 (g) prescribing an official seal which shall be
3 attached to every package of liquor sold or sealed under
4 this code;

5 (h) prescribing forms to be used for the purpose of
6 this code or of the rules made thereunder and the terms and
7 conditions in permits and licenses issued and granted under
8 this code;

9 (i) prescribing the form of records of purchase of
10 liquor and table wine and the reports to be made thereon to
11 the division and providing for inspection of the records so
12 kept;

13 (j) prescribing the manner of giving and serving
14 notices required by this code or the rules thereunder;

15 (k) prescribing the fees payable in respect of permits
16 and licenses issued under this code for which no fees are
17 prescribed in this code and prescribing the fees for
18 anything done or permitted to be done under the rules made
19 thereunder;

20 (l) prescribing, subject to the provisions of this
21 code, the conditions and qualifications necessary for the
22 obtaining of a liquor or beer license and the books and
23 records to be kept and the returns to be made by the
24 licensees and providing for the inspection of such licensed
25 premises;

1 (m) specifying and describing the place and the manner
2 in which liquor or beer may be lawfully kept or stored;

3 (n) specifying and regulating the time and periods
4 when and the manner, methods, and means by which vendors and
5 brewers shall deliver liquor under this code and the time
6 and periods when and the manner, methods, and means by which
7 liquor, under this code, may be lawfully conveyed or
8 carried;

9 (o) governing the conduct, management, and equipment
10 of any premises licensed to sell liquor or beer under this
11 code;

12 (p) providing for the imposition and collection of
13 taxes and making rules respecting returns, accounting, and
14 payment of the taxes to the department.

15 (3) Whenever it is provided in this code that any act,
16 matter, or thing may be done if permitted or authorized by
17 the rules or may be done in accordance with the rules or as
18 provided by the rules, the department, subject to the
19 restrictions set out in subsection (1) hereof, shall have
20 the power to make rules respecting such act, matter, or
21 thing."

22 Section 8. Section 16-1-304, MCA, is amended to read:

23 "16-1-304. Prohibited acts within division. (1) No
24 officer or employee of the liquor division, including those
25 engaged in the sale of liquor at the various state liquor DB

1 TABLE WINE stores, may be directly or indirectly interested
2 or engaged in any other business or undertaking dealing in
3 liquor or table wine, whether as owner, part owner, partner,
4 member of syndicate, shareholder, agent, or employee and
5 whether for his own benefit or in a fiduciary capacity for
6 some other person.

7 (2) No member or employee of the division or any
8 employee of the state may solicit or receive directly or
9 indirectly any commission, remuneration, or gift whatsoever
10 from any person or corporation having sold, selling, or
11 offering liquor or table wine for sale to the state or
12 division pursuant to this code.

13 (3) No person selling or offering for sale to or
14 purchasing liquor or table wine from the state liquor
15 division may either directly or indirectly offer to pay any
16 commission, profit, or remuneration or make any gift to any
17 member or employee of the division, to any employee of the
18 state, or to anyone on behalf of such member or employee.

19 (4) The prohibition contained in subsection (3) of
20 this section does not prohibit the division from receiving
21 samples of liquor or table wine for the purpose of chemical
22 testing, subject to the following limitations:

23 (a) Each manufacturer, distiller, compounder,
24 rectifier, importer, or wholesale distributor or any other
25 person, firm, or corporation proposing to sell any liquor or

1 table wine to the Montana liquor division shall submit,
2 without cost to the division prior to the original purchase,
3 an analysis of each brand and may submit a representative
4 sample not exceeding 25 fluid ounces of such merchandise to
5 the division.

6 (b) When a brand of liquor or table wine has been
7 accepted for testing by the division, the division shall
8 forward the sample, unopened and in its entirety, to a
9 qualified chemical laboratory for analysis.

10 (c) The division shall maintain written records of all
11 samples received. The records shall show the brand name,
12 amount and from whom received, date received, the laboratory
13 or chemist to whom forwarded, the division's action on the
14 brand, and the person to whom delivered or other final
15 disposition of the sample.

16 (5) No liquor, wine, or other alcoholic beverage may
17 be withdrawn from the regular warehouse inventory or from
18 the state liquor stores of the Montana liquor division for
19 any purpose other than sale at the prevailing state retail
20 prices or for destroying damaged or defective merchandise.
21 The division shall maintain a written record including the
22 type, brand, container size, number of bottles or other
23 units, signatures of witnesses, and method of destruction or
24 other disposition of damaged or defective warehouse or state
25 store merchandise."

1 ~~SECTION 8y- HERE IS A NEW HGA SECTION THAT READS~~
2 department prohibited from engaging in unfair
3 competitions (1) the department in engaging in the retail
4 sale of tobacco wine is subject to the provisions of title 30y
5 chapter 14y ports 1 and 2y except those provisions relating
6 to enforcement and penalties
7 (2) a person aggrieved by a violation of this section
8 by the department may maintain an action to enjoin the
9 alleged violation and for the recovery of damages in the
10 district court of the district where the conduct complained
11 of occurred or where the department's principal office is
12 located
13 ~~SECTION 9y- HERE IS A NEW HGA SECTION THAT READS~~
14 transition-periods (1) in order to make an orderly
15 transition to the wine marketing policies set forth in
16 initiative 8t and [this act] the department shall prior to
17 duty 1y-1994
18 (a) issue licenses or temporary authorizations to
19 distribute or retail wine to applicants who qualify under
20 the provisions of initiative 8t and
21 (b) authorize licensed wine distributors to import
22 and during the last 20 days of June 1994 distribute to
23 licensed wine retailers stocks of tobacco wine that may not
24 be sold to the public prior to duty 1y-1994
25 (2) the department may

1 ~~NEW SECTION- section 8y- retail setting price on tobacco~~
2 wine sold by the states the retail setting price at which
3 tobacco wine is sold by the department shall be computed by
4 adding to the statewide weighted average cost of tobacco wine
5 the state markup as designated by the department
6 ~~NEW SECTION- section 9y- STATE DISTRIBUTION (1) the~~
7 department may upon petition notify opportunity for
8 hearing and making of findings report and distribute one
9 or more named tobacco wines to one or more designated state
10 liquor stores in the same manner as if the tobacco wine
11 contained more than 14% alcohol by volume
12 (2) an interested person may petition the department
13 to import one or more tobacco wines to be sold in a state
14 liquor store or a group of stores in a designated area upon
15 the grounds that the particular tobacco wine is not available
16 from any tobacco wine distributor serving the area the
17 department shall give notice of the petition to all tobacco
18 wine distributors serving the area and shall conduct a
19 contested case hearing if any distributor files a protest to
20 the petition
21 (3) the department must find upon the record of the
22 hearing if one is demanded that a particular tobacco wine
23 cannot be reasonably obtained from any tobacco wine
24 distributor before the department may import that tobacco wine
25 as provided in subsection (1)

1 ~~{a}--sell--at--retail--after--July--1,--1979--and--until~~
 2 ~~liquidated, the inventory of table wine on hand in its~~
 3 ~~warehouse and state liquor stores at the close of business~~
 4 ~~on June 30, 1979, and~~

5 ~~{b}--adopt--temporary--rules--under--2-4-303--to--implement~~
 6 ~~initiative--81--and--[this--act]--without--being--required--to--find~~
 7 ~~an--imminent--peril--to--public--health,--safety,--or--welfare~~

8 ~~Section 10. Effective date. (1) Sections 1 through 8~~
 9 ~~of this act are effective on July 1, 1979.~~

10 ~~{2}--Section--9--of--this--act--is--effective--on--passage--and~~
 11 ~~approval.~~

12 NEW SECTION. Section 9. Retail selling price on table
 13 wine sold by the state. The retail selling price at which
 14 table wine is sold by the department shall be computed by
 15 adding to the statewide weighted average cost of table wine
 16 the TAX AND state markup as designated by the department.

17 NEW SECTION. Section 10. STATE DISTRIBUTION. (1) The
 18 department may, upon petition, notice, opportunity for
 19 hearings, and making of findings, import and distribute one
 20 or more named table wines to one or more designated state
 21 liquor stores, in the same manner as if the table wine
 22 contained more than 14% alcohol by volume.

23 ~~{2}--An--interested--person--may--petition--the--department~~
 24 ~~to--import--one--or--more--table--wines--to--be--sold--in--a--state~~
 25 ~~liquor--store--or--a--group--of--stores--in--a--designated--area,--upon~~

1 ~~the grounds that the particular table wine is not available~~
 2 ~~from any table wine distributor serving the area. The~~
 3 ~~department shall give notice of the petition to all table~~
 4 ~~wine distributors serving the area and shall conduct a~~
 5 ~~contested case hearing if any distributor files a protest to~~
 6 ~~the petition.~~

7 ~~{3}--The--department--must--find,--upon--the--record--of--the~~
 8 ~~hearing--if--one--is--demanded,--that--a--particular--table--wine~~
 9 ~~cannot--be--reasonably--obtained--from--any--table--wine~~
 10 ~~distributor before the department may import that table wine~~
 11 ~~as provided in subsection (1).~~

12 SECTION 11. THERE IS A NEW MCA SECTION THAT READS:
 13 Department prohibited from engaging in unfair
 14 competition. (1) The department in engaging in the retail
 15 sale of table wine is subject to the provisions of Title 30,
 16 chapter 14, parts 1 and 2, except those provisions relating
 17 to enforcement and penalties.

18 (2) A person aggrieved by a violation of this section
 19 by the department may maintain an action to enjoin the
 20 alleged violation and for the recovery of damages in the
 21 district court of the district where the conduct complained
 22 of occurred or where the department's principal office is
 23 located.

24 SECTION 12. TRANSITION PERIOD. (1) IN ORDER TO MAKE
 25 AN ORDERLY TRANSITION TO THE WINE MARKETING POLICIES SET

1 FORTH IN INITIATIVE 81 AND [THIS ACT], THE DEPARTMENT SHALL,
 2 PRIOR TO JULY 1, 1979:
 3 (A) ISSUE LICENSES OR TEMPORARY AUTHORIZATIONS TO
 4 DISTRIBUTE OR RETAIL WINE TO APPLICANTS WHO QUALIFY UNDER
 5 THE PROVISIONS OF INITIATIVE 81 AND [THIS ACT]; AND
 6 (B) AUTHORIZE LICENSED WINE DISTRIBUTORS TO IMPORT
 7 AND, DURING THE LAST 20 DAYS OF JUNE 1979, DISTRIBUTE TO
 8 LICENSED WINE RETAILERS, STOCKS OF TABLE WINE THAT MAY NOT
 9 BE SOLD TO THE PUBLIC PRIOR TO JULY 1, 1979.
 10 (2) THE DEPARTMENT MAY ADOPT TEMPORARY RULES UNDER
 11 2-4-303 TO IMPLEMENT INITIATIVE 81 AND [THIS ACT] WITHOUT
 12 BEING REQUIRED TO FIND AN IMMINENT PERIL TO PUBLIC HEALTH,
 13 SAFETY, OR WELFARE.
 14 SECTION 13. EFFECTIVE DATE. (1) SECTIONS 1 THROUGH 11
 15 OF THIS ACT ARE EFFECTIVE ON JULY 1, 1979.
 16 (2) SECTION 12 OF THIS ACT IS EFFECTIVE ON PASSAGE AND
 17 APPROVAL.

-End-